

JPRS 82550

28 December 1982

West Europe Report

No. 2080

FBIS FOREIGN BROADCAST INFORMATION SERVICE

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WEST EUROPE REPORT

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MINISTERS' COUNCIL AMENDS NATIONAL COAL POLICY

CDF Establishes Subsidiary

Paris LE MATIN in French 4 Nov 82 p 3

[Article by Henry Lauret]

[Excerpt] Coal is a future source of energy. France should therefore have an ambitious coal policy. Yesterday, the Council of Ministers heard a report by Edmond Herve on the aims of such a policy. In practical terms, it is no longer a matter of stimulating national production, but of "rationalizing" management, of "improving productivity," of a "selective multiannual investment program" and "rigorous social management." These are some of the features which show that it is no longer a time for wild schemes, but for pragmatism. A pragmatism which will also undoubtedly disappoint those who were dreaming of a French coal boom.

On the other hand, the government has noted the disappearance of coal in the French energy report: Its share again comes to 17 percent, "but traditional markets are declining." But industry and collective heating represent markets in which the growth and penetration of coal are economically justified.

There is only one obstacle, but it is a sizable one: Financing is a deterrent, since a coal boiler costs 3 times as much as an equivalent fuel-oil boiler! How can this situation be remedied? The CDF [French Coal Board] has already established a CDF-Energy economic interest group responsible for promoting coal. Without real resources, however, this is a lifeless structure. The government has therefore followed the advice of coal experts. A "powerful subsidiary" will be responsible for selling coal in industry and collective heating.

As a result, the CDF investment program will make it possible to release 200 million francs annually. This money is intended to "launch, in combination with other partners, investments of several hundred million francs" for coal use. Commercial action will be carried out in three ways: a Sofergie (financial corporation) for leasing operations; a fund for mutualization of risks, enabling manufacturers to obtain the financing necessary for return coal investments; a CDF-majority investment corporation for handling operational investments and making it possible to offer the sale of steam.

Those are the main points. As planned, the budget subsidy for national production will be increased from 1.6 billion in 1981 to 2.63 billion in 1983 as a result of updating (the appropriations bill will soon be submitted to parliament). Nor will there be any revolution at the ATIC [Technical Association for Coal Importation], the technical association of importers. The CDF will be represented more properly therein.

Coal Imports to Increase

Paris LES ECHOS in French 5 Nov 82 p 10

[Article by R. B.]

[Text] Although the measures taken on Wednesday by the Council of Ministers will limit national coal production to 18 million tons, the aid finally granted is still too little for a real recovery, since the import program adopted by the ATIC (Technical Association for Coal Importation), with the approval of the respective supervising ministry, now provides for the purchase of between 26 and 27 million tons abroad, whereas for the current year we will probably reach 24.5-25 million tons.

This 1982 figure is also a surprise, since there was hardly any expectation of exceeding 21-22 million tons. But the EDF [French Electric Company] had to buy 3 million more tons than planned (10 million tons) because of the drought and especially because of the failure of a number of nuclear power plants. It is apparently for the same reason that the ATIC has planned a new increase in imports.

The main supplier will still be the United States, with 8 million tons (8.4 million in 1982), followed by the Community, with 7.7 million tons as opposed to 8.1 million tons. The figure for South Africa remains unchanged at 5 million tons, while 2.2 million tons is expected from Poland, as opposed to 1.9 million tons this year. Finally, Australia will supply 2.5 million tons, as opposed to 1.2 million. In 1981, we may recall, a good year for coal consumption, imports amounted to 30.2 million tons.

Effects on National Energy Policy

Paris LES ECHOS in French 9 Nov 82 p 4

[Article by D. D.]

[Text] The country's program for energy independence, revised in October 1981 in light of Mr Hugon's studies, is slipping. The expected substitutions of fuel-oil for electricity or coal are declining. Energy conservation is at a standstill. This wait-and-see attitude is in keeping with that of businesses, which have other priorities at the present time.

"Implementation of the plan for energy independence could, in a context of weak economic growth and stagnation, or even of a cyclical drop in the price of oil, prove to be much more delicate" than in a situation of development,

such as that of a year ago. This is one of the major conclusions of the intermediate report on energy, prepared as part of the preparations for the Ninth Plan, whose authors presented their conclusions on Monday in the presence of Mr Michel Rocard.

Valorization of Coal

This report, called the "Josephe Report" after the name of the study group's chairman, essentially confines itself to an analysis and thus leaves the government's choices open. It is known that these choices will be made in the spring.

Nevertheless, public authorities will have to consider certain observations. The one that is most contradictory to the government's goals is undoubtedly represented by the drop in coal consumption. In fact, with the present trend it turns out that only 25 million tons of coal will be consumed in France in 1985. Demand for 35 million tons was previously predicted for the same period. It is not certain that the recovery plan adopted last week is likely to reverse this trend. And yet, according to Mr Rocard, the country's security depends on the valorization of imported or domestic coal: "The coal network will make us stronger," the minister for economic planning and development said.

The intermediate report also shows the inconsistency which exists between the current policy on energy prices and conservation goals. Its authors are in favor of truth in pricing, especially since it would assure sound financing of production investments.

After 6 months of major decisions that will establish energy policy over the long term, the Josephe Report shows how confused the situation is. In less than 2 years, we have gone from a balance to an abundance because of a crisis, which is simultaneously slowing consumption and curbing transfers. And then, who knows what tomorrow's growth will be: In Mr Rocard's opinion, in any case, the small margin (2.5 percent) is still too great.

The commissioner for planning, Mr Hubert Prevot, points out in spite of everything that the abundance warrants incorporating the development of energy-consuming industries into the Ninth Plan. This acknowledgment opens the way for new plants for producing aluminum or livestock feed. Every cloud has a silver lining.

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CSO: 3519/111

CDF SEEKS BUDGETING FOR GASIFICATION, INCREASE IN COAL USE

Paris LES ECHOS in French 18 Oct 82 p 8

[Article by Ralph Black: "600 Million Francs for Coal and Additional Electrical Power Plants"]

[Text] The French Coal Company is going to receive an "addition" for their 1982 budget. The councils of ministers were to have discussed it last week, but since the agenda was too crowded, the file was put off a week, if not two. The magnitude of this addition is currently the subject of discussion between the Rue de Grenelle [Ministry of Industry] and the Rue de Rivoli [Ministry of Finances].

Edmond Herve, delegate minister of energy, would like to inscribe in the year end budget a sum of 700 million francs, or exactly the sum corresponding to the updating of the aid per thermal unit under the 1982 title (the latter remained at 2.50 centimes whereas it should have increased to 2.80 in order to account for currency erosion). Laurent Fabius agrees to "letting go of" 600 million. This addition would make it possible at best, to avoid another decline in production in 1983.

At the same time, Herve would like to have the government adopt measures to increase coal consumption. For the time being, his intentions are reserved exclusively for the council of ministers and, therefore, remain secret.

Along the same lines, an agreement was just signed between CDF [French Coal Company], French Gas Company, and EDF [French Electrical Company] on a cooperation for surface coal gasification and treatment of the gas produced.

Basically, it is a matter of joining together the means of the three national firms in a common effort to develop research work for pilot units and demonstration units, and to coordinate the organization among the three firms, considering the high cost and the long periods for finishing the projects underway.

This initiative is especially important because it associates EDF henceforth with the work of GDF and CDF, who have already been working for a long time on these problems of off-site gasification. Since EDF is to be a big user

of this gas and has excellent research services, this move seems logical, even if the firm, in the past, has shown no great enthusiasm in this respect.

Off-site gasification has several parts: the production of gas or hydrogen for chemical synthesis, the use of electricity generating units (gas turbines, motors, boilers), the production of industrial gas for heating use or of substitution gas for natural gas. Therefore, the work should apply not only to gasification properly speaking, but also to purification and treatment of the resulting gases, to chemical and energy development and, ultimately, to liquefaction.

While the government has still not released the funds planned for this technological industry, the agreement constitutes the prelude to a concretization. But where there were three projects (Le Havre, Mazingarbes, and Carling), at the beginning they are going to have to be satisfied with one and the administration is faced with the delicate task of having to choose between Nord-Pas-de-Calais (national coal plus imported coal) and Carling. (The Le Havre GDF project seems to have finally been abandoned). It is certain that an industrial gasification unit will not be profitable under current conditions, but we still have to go ahead if we want to assure both outlets for coal and the energy independence of the nation.

For the same reason, Herve still hopes to have the government guarantee his project to build several additional coal electrical power plants. Which would contribute to reducing the construction program for nuclear power plants. The commission long-term "energy plan" is now looking at this problem.

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CSO: 3519/74

BUDGET AUSTERITY JEOPARDIZES COAL PRODUCTION GOAL

Paris LES ECHOS in French 4 Oct 82 p 5

[Article by Ralph Back: "Industrial Policy: Increasing Coal Production, A Fading Dream"]

[Text] The winds of budgetary rigor have brutally swept away all the promises made by the current majority in view of a spectacular rebirth of French coal. The deadline of the end of September has passed and the planning contract that the government was to sign with the French Coal Company before 1 October, an engagement made in a "mission letter" addressed to the directors of CDF in April (LES ECHOS 28 April 1982), remains stalled. This planning contract was to stipulate the means that the government intends to place at the disposal of the firm so that it can plan the development of national coal production. However, the directors of CDF submitted in July, as they had been asked to do, very precise proposals to plan for the future of French coal.

For 1983, the national budget provides financial aid of 6.5 billion francs for CDF, or an increase of 43 percent in aid. But appearances are deceptive for two reasons:

1. These funds are clearly insufficient to allow for a development of production.
2. All of the files submitted this year by CDF to carry out its development projects have been blocked by the FDES [Economic and Social Development Fund]. The explanation of these facts, contrary to the wishes of the parties of the majority to bring national production up to at least 30 million tons per year by 1990, is simple: the government realized that it cannot perform miracles. Aspirations, as judicious as they are on paper, cannot be translated into fact because of lack of ammunition. Because everything cannot be taken care of: nationalization, aid to all of the ailing industrial branches, saving social security, relaunching key sectors, being generous in the area of social services, to only cite some chapters of the Socialist-Communist program.

Production will fall to 17 million tons

That is why, for lack of money, Edmond Herve, the delegate minister of energy, was not able to obtain from the Rue de Rivoli [ministry of finances] the necessary funding to keep his promise: update aid per thermie (which means the revalorization of this aid in order to account for currency erosion). The latter has, therefore, remained unchanged at 2.5 centimes while it should have been increased to 2.8. The result: a loss of 700 million francs. There is also the additional cost of labor benefits due to the reduction of the work week to 39 hours and the additional week of paid vacations. So that, for 1982, the deficit will be on the order of 2 billion francs as we suggested (LES ECHOS 30 July 1982), despite public aid of 5.16 billion, 2.63 of which to support national production. For 1983, this aid package has not been officially specified, but according to details given by Herve, it should reach close to 3.8 billion.

This sum should be compared to the 2.63 billion given this year, plus the 700 million not accorded corresponding to the updating [of aid per thermie], therefore 3.33 billion. Taking into account the erosion of the currency, the 3.8 billion in the 1983 budget is compared, finally, to 3.5 billion. The increase of 200 million is not sufficient to allow for the development desired by the government, in the eyes of CDF directors.

This is all the more true because funding for the promotion and development of coal consumption only increase from 66 to 72 million. Unless there is an additional injection of funds, production will fall in 1983 to some 17 tons after having almost reached 20 million in 1981, a good year when CDF almost succeeded in balancing its accounts. For the current year, it is thought that production will be only between 19 and 19.5 million [tons].

Lost Time Cannot be Regained

It is not only 1983 that appears to be greatly compromised. The middle- and long-term projects are, for the moment, in neutral, since the FDES has still not released the funding. The suspense continues for the extension of Le Houvre and the reopening of Fauquemont in Lorraine, the new headquarters and the "Z" mine in Provence. EDF is also waiting for choices announced with longer deadlines such as the operation of fields in the Jura. Likewise, the gasification of coal in Carling and Mazingarbes is stalled.

Thus, even if they finally succeed in drawing up the planning contract (after the municipal elections, say the gossips), it is already certain that current delays will not be erased by 1990, definitively condemning the "desirable" objective of a national production of 30 million tons, which makes Michel Hug, the general director of CDF, say that "1990 has already been played. We have to look at the year 2000 for coal to represent 20 percent of the energy needs of France."

If the government has refused to go ahead, it is not only because of budgetary problems. It is also an act of realism. They realize, in high places, that producing more is only justified to the extent that the production can be used.

Now, coal consumption is on the downturn and stocks are at a record level. With the energy perspectives still as bad for the entire decade, ambitions have to be slowed down. But, how does one go about making the parties of the majority and the unions, for whom coal growth has become a drastic argument, admit it?

As for CDF, the firm has placed the project in the hands of the government by presenting, in the proposals for the planning contract, a certain number of production hypotheses dependent on the financial effort to be granted. Going from the minimum of the only profitable mines (Provence, the open pit mines and the major part of Lorraine), or 15 million tons per year at a range of 22/25 million as compatible, up to the 19 million possible with the current financing effort. They are, therefore, not very far from what the former general director, Jacques Petitmengin, recommended, which earned him his firing.

The directors of CDF, nonetheless, are demanding a dynamic policy based on a consumption of 90 million tons in 2000, or double the current level. As Hug recently declared, "CDF should become the principal instigator in reconquering the market. The share of national coal will depend on the financial limit set by the administration, but, in any case, the firm will have to have a considerable presence in the area of mining and international sales." Another initiative: the firm should be able to sell directly to the user of coal-thermies, and be able to develop technological projects favorable to its future: (gasification, coal chemistry, methanol, liquefaction, new combustion techniques).

Faced with the presence from CDF and the groaning of the unions, the government will have a difficult task: to abandon illusions while, at the same time, giving coal every possible chance.

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CSO: 3519/65

OIL IMPORTS SHOW TREND TOWARDS DECREASING

Paris LES ECHOS in French 11 Oct 82 P 7

[Article: "Saudi Arabia Covers A Third of Our Needs"]

[Text] France is continuously reducing its oil needs. Statistics from customs for the month of August show a decrease in our imports, slightly over 14 percent compared to July. For the first eight months, the decrease reaches 13 percent compared to the equivalent period of 1981. The persistence of this movement reflects a permanent tendency that can be attributed to the economic slowdown, but also to a lesser extent, to energy redeployment.

The currency reserves of the nation do not profit from this pullback, considering the rise of the dollar. Our oil bill has, in fact, reached 86 billion francs for the first eight months, or a sum almost identical to that of 1981.

The geographical distribution of our purchases has undergone some modifications that can be imputed either to the events in the Middle East or to the absence of coherence in OPEC price schedules. That is why Saudi Arabia has only contributed 34.3 percent to French needs in August. The Saudi share in our supplies was 51.5 percent during the first eight months of 1981, less than 40 percent during the January-August period of this year.

This cutback is due to Riyadh's will to maintain the price of its crude at \$34 (the reference currency for OPEC) although various other producing countries give reductions.

Another remarkable fact: the absence, in our foreign purchases, of Iraqi oil, due to the consequences of the war with Iran. The latter country has, on the other hand, supplied a little more than 10 percent of our needs.

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CSO: 3519/65

EDF CHOOSES MOSELLE SITES FOR NEW HYDROELECTRIC PLANTS

Paris LES ECHOS in French 12 Oct 82 p 8

[Article by Rene Bour: "Green Light For Two Small Hydroelectric Plants"]

[Text] EDF [French Electrical Company] is counting on the Moselle to increase its production of hydroelectricity. The green light has just been given for the construction of two small power plants on this river, at Villey-le-Sec and at Aingeray-Liverdun. The plans have been subjected to an inquest of public utility since 17 September.

These first two projects are part of a broader plan which includes the construction of ten small power plants from Toul, upstream, to Apach, downstream and north of Thionville, on the French-German border, or a distance of 130 kilometers.

Studied and launched by the EDF Rhine Regional Group for Hydro Production, this project is related to the channelled portion of the Moselle whose enlargement to European size had required the construction or the conversion of 17 locks and 14 dams between 1960 and 1978.

The hydrological characteristics of the Moselle make it possible to envisage equipping a certain number of sites at existing dams with hydroelectrical equipment. It is possible to equip them with small power plants with low drops, relatively economical since they will not have to bear the cost of the existing infrastructure nor reimburse the riverside residents for another environmental incursion.

These power plants will be placed beside dams, on land generally belonging to the government, and supplied by shortlength diversions.

The first two power plants at Villey-le-Sec and Liverdun-Aingeray will have an installed power of 5,750 kW and 5,800 kW respectively. They should be placed in service in 1986. The other eight sites selected are those of Chaudenet, Pompey, Liegeot, Pont-a-Mousson, Pagny-sur-Moselle, Uckange, Koenigsmacker, and Apach.

The purpose of this group is to obtain an installed power of 40,000 kW allowing an annual production of 200 million kWh. Representing a potential

that is slightly higher than all of the current hydro equipment in Lorraine, this group could be completely built during the next decade.

The Promotech Association, grouping a certain number of Lorraine university academics involved in regional activity, has proceeded to identify 864 sites in 418 Lorraine communes which at some previous time had a mini hydroelectric plant, sites of which a good number could be put back in service.

The power of these potential power plants would range between 5 and 2,500 kW. An inventory of a more global nature is currently being done by the OREAM-Lorraine [Regional Organization for the Study of Metropolitan Areas]. In all, these 864 sites represent a power of 174 megawatts and could produce 304,800 tons equivalent oil per year. 596 abandoned sites could be put back into service for an investment per installed kilowatt ranging between 3,000 and 13,000 Fr.

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CSO: 3519/65

BRIEFS

WAYS TO PROCESS WASTES—15 million francs per year for the energy development of wastes. In order to better develop wastes by transforming them into energy, the French Agency for Energy Management has just signed the protocol of an agreement with the National Agency for the Recovery and Elimination of Wastes. These two organizations are going to collaborate henceforth and carry out in common a first annual program for a sum of 15 million francs. The purpose is the recovery of 400,000 additional TOE per year by the year 1990, or a doubling of the current level. In order to reach that goal, the ANRED [National Agency for the Recovery and Elimination of Wastes] is in charge of: making a diagnostic study on incineration facilities of over 2 tons per hour, to inventory and evaluate discharge sites apt to allow a recovery of the biogas and, finally, to promote among the local collectivities the study of the various possibilities of valorizing garbage, specifically in the light of departmental and regional plans. The AFME [French Agency for Energy Management] and the ANRED could bring to local collectivities studies and subsidies of at least 10 percent of the total of the expenses. [Text] [Paris LES ECHOS in French 13 Oct 82 p 10] 9969

ELF CONTRACT WITH NORWAY—Elf-Aquitaine has just signed a purchasing agreement for Norwegian gas with the company Saga Petroleum, involving 90 percent of the gas in the Statfjord field belonging to Saga. Deliveries should begin in 1986. Saga must already supply Elf-Aquitaine with a substantial portion of the gas from Gullfaks and all of its share in the Heimdall field of which Elf is the operator. In a communique, Elf stipulates that after this new agreement it will receive in all at the Emden terminal (West Germany) approximately 2 billion cubic meters of gas in 20 years. It will be recalled that Elf-Aquitaine has recently signed another contract for purchasing Norwegian gas from Statoil, for a volume of more than 2 cubic meters of gas per year from Statfjord, Gullfaks and Heimdall, a portion of which will be sent to France. [Text] [Paris LES ECHOS in French 18 Oct 82 p 7] 9969

CSO: 3519/74

BRIEFS

LIGNITE IN ENERGY PRODUCTION--The use of lignite in the production of energy for 1982 will increase to 56.9 percent as compared with 54.6 percent during 1981. The statement was made yesterday by Minister of Energy E. Kouloumbis during an interview granted to members of the foreign press corps. Concerning the situation in the DEI [Public Power Corporation], the minister stressed that there is no deficit in the energy balance of payments, adding that he has drawn the DEI's attention to its future energy course in his well-known letter. In regard to the activities of the DEP [Public Petroleum Corporation], the minister stated that it has become self-sufficient in the field of exploration and drilling to discover oil deposits. [Excerpt] [Athens I KATHIMERINI in Greek 25 Nov 82 p 8]

CSO: 3521/103

GOVERNMENT, LABOR PARTY AGREE ON OIL POLICY IN NORTH

Oslo AFTENPOSTEN in Norwegian 30 Nov 82 p 4

[Article by Morten Malmo]

[Excerpt] "The search for oil north of Stadt must be stepped up substantially," Conservative industrial policy spokesman Arnljot Norwich said in Storting yesterday. He was followed by Labor Party member Kjell Helland, who said that the present exploration tempo cannot be accepted. Oil and Energy Minister Vidkun Hveding merely said that the government will present its own Storting report this week on the prospects for oil activity in the years ahead. This report will also discuss the possibilities of increased exploration off the coast of North Norway.

Arnljot Norwich said that stepping up the exploration activity north of Stadt and a transition to year-round drilling would provide local jobs. Norwich said that although the number of local jobs in the exploratory phase would be limited, the ripple effect on the local economy would be sizable. "Strengthening the employment base in North Norway is an urgent political task. The oil activity is the most important, perhaps the only, chance of guaranteeing this," Norwich emphasized.

Kjell Helland said that if one wanted the oil to benefit all the people, one must also see to it that the tempo of exploration north of Stadt is stepped up. He said that central and northern Norwegian counties have had to stand on the sidelines much too long, making do with the "scraps" left over from what was happening further to the south. Helland also stressed the importance of giving the green light for oil production when profitable deposits are demonstrated in the north. It was also a decisive argument for Helland that a stepped-up exploratory activity would involve increased freedom of action, which would be useful to have when future decisions have to be made. The chairman of the Storting Energy and Industrial Affairs Committee, Reidar Due (SP [Center Party]), and Asbjorn Haugstvedt (KRF [Christian People's Party]) were less emphatic than the first two. Due pointed out that his party is interested in having resources in the north mapped out, but that it was necessary to proceed with caution for security reasons and out of consideration to fishing interests. Haugstvedt also stressed these things. In his speech he also stressed the need for further expansion at Mongstad, which Storting had promised earlier.

The Conservatives, the Christian People's Party and the Center Party won a majority for their proposal to appropriate an extra 36 million kroner for civil preparedness measures. The money is to be used for filling emergency oil reserves and for farm projects. Storting also moved last night to allow the price of state energy for regular supplies to be raised by 20 percent as of 1 July 1983.

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CSO: 3639/35

OIL MINISTER HVEDING ON PRODUCTION, NORTH NORWAY GAS PIPE

Oslo AFTENPOSTEN in Norwegian 4 Dec 82 p 3

[Article by Morten Malmo]

[Text] Norwegian production of oil and gas, which now represents 50 million tons a year, will increase to 60 million tons by 1990.

If production is not to decline after 1990, Storting must make decisions on the construction of new fields within the next 2 years.

Statoil will not be turned into a "people's stockholder company," but the Conservative program pledge to make Norol a private company will be fulfilled.

A possible gas pipeline from North Norway through Norway or Sweden has been given "overblown headlines." The finds that have been made off the coast of North Norway are not large enough at this time. It is more likely that a facility will be built to freeze gas (LNG) in North Norway, rather than in the North Sea.

Opening up for oil exploration in the Barents Sea is not being considered at the present time.

Both Norway and EC have an interest in having Norway guarantee European gas deliveries from the big Troll field.

These were the main conclusions in an interview AFTENPOSTEN had with Oil and Energy Minister Vidkunn Hveding. A great deal will happen in Norwegian oil policy in the next 2 years. The first thing will be the assignment of new blocks on Traena Bank, where the companies concerned have been extended an offer. Yesterday the Oil and Energy Ministry issued the awaited perspective report for Storting. In a short time there will be a report on new assignments on Tromsoflaket, Halten Bank and in the North Sea. Next year a report will be forthcoming from the Mellbye committee, which is evaluating the future role of Statoil, as well as one from the Skanland committee, which is looking at further guidelines for Norwegian oil activity in the long term. This committee will primarily help give politicians a better basis on which to make decisions on future oil activities.

The Skanland committee will present its recommendations in April and the Oil and Energy Ministry will be able to present its view of the committee report to Storting in the fall. Not until then will a position be taken on the expansion of the big Troll gas field, according to Hveding. But examination of the field will take its course anyway.

Gas for Europe

The minister reminded us that the Troll field will probably be Western Europe's second largest source of gas supplies when deliveries from the Russian Siberian pipeline are taken into use and production in France and the Netherlands has to be reduced.

Hveding does not feel that Norway is being subjected to any European pressure to develop the Troll field by any particular time, but he pointed out that both Norway and Europe share a clear interest in such development. He thinks Norway also has opportunities to be flexible with respect to the date for expansion because there are also alternatives in the form of oil fields. The Troll gas field contains almost 50 percent of the remaining known oil and gas reserves south of Stadt.

Balancing Act

Hveding defended giving the job of producing the deck framework for the Heimdal platform to Frederiksstad Mekaniske Verksted, but said it was a decision that "is balancing on a thin edge." Bolstering employment in the short run in this way helps to undermine employment in this country in the long run, so it is a balancing act we must be careful with, he said. "Norwegian shipyards cannot count on an increase in oil activity guaranteeing even and stable employment. The jobs will be extremely varied and 'peaks' with slacker periods in between will be unavoidable. Therefore the Norwegian shipyard industry must enter other markets again and to do so they must be competitive. I think the industry also realizes that," said Hveding.

Actually those employed in the oil industry and the firms dependent on oil make up a very small group of Norwegian workers, only 2.5 percent in all. Against this background in particular, Hveding warned against believing that increased oil activity alone can guarantee employment.

North Norway

The oil and energy minister said that North Norway will not reap the full benefit of the oil activity until year-round exploratory drilling is started in 1985. It is not yet clear whether the finds that are made will lead to future extraction and production of oil or gas and Hveding points out that construction in the waters involved here--west of Finnmark--would be costly.

The planned gas pipeline from North Norway either through Sweden or through Norway has been given "overblown headlines," Hveding said. The finds made so far provide no basis for such a pipeline. Big finds would be needed to make this a practical idea.

And a gas pipeline is not our only alternative. We might just as well build a plant to cool it into liquid gas (LNG) and transport this liquid gas to market by ship. It is more likely that such an LNG plant would be built in North Norway rather than in the North Sea where the route to the market is shorter. An LNG plant would also give us greater freedom to choose markets where Norwegian gas can be sold for the highest price, said Hveding, who stressed that no decision had been made yet, simply because the finds that have been made are not large enough to make this necessary.

New Areas?

The oil and energy minister said there had been no thought of giving the green light to oil exploration in the Barents Sea. Not for foreign policy reasons, but because they do not want to spread the oil activity too thin before proper investigations have been made in the areas that they started with. For that reason they will also wait for a while before looking for oil off the coast of More and Romsdal as well as Sogn and Fjordane.

Statoil and Norol

The Conservative program item on making Norol a private company will be carried out, said Hveding, but he pointed out that this does not mean that Statoil cannot be a co-owner along with private individuals who own shares in the company. Norol is now owned entirely by Statoil and the state. Hveding said that such a solution could be relevant for Norol when Statoil's business tasks are separated from its administrative tasks.

"It is not current policy to turn Statoil into a kind of 'people's stockholder company,'" said Hveding. The point is not primarily who owns Statoil, but that there exist an adequate balance, a parity among the three Norwegian companies, Statoil, Hydro and Saga.

Saga must be guaranteed development tasks in the fairly near future. That would be important for the company in the phase in which it is in now, said Hveding. As we know, Saga has found oil in field 30/4 in the North Sea and the find might be substantial, but that does not mean that that is necessarily the place where the company will get its first development task.

The Oil and Energy Ministry is prepared to give the green light to a fourth Norwegian oil company and to grant it shares on the Norwegian shelf, as long as the interested companies meet the requirements of the authorities with regard to the form of the company and the ability to demonstrate that any new company has the competence that is needed. And the new company will not be given tax advantages, either for the company itself or for those who want to invest in it. Private individuals must have a free choice as to whether to invest in oil via Hydro, Saga or the new company, but this decision should not be made on the basis of tax advantages, according to Oil and Energy Minister Vidkun Hveding.

6578

CSO: 3639/35

GOVERNMENT MAY DECENTRALIZE ECONOMIC LIFE UNDER HOME RULE

Copenhagen BERLINGSKE AFTEN in Danish 19 Nov 82 p 2

[Article by Rolf Bagger]

[Text] About 1 month ago, Minister for Greenland Tom Høyem was informed that the deficit for 1982 of the Greenland Trade Department would probably be more than double the deficit provided for in the budget. A large part of the deficit is due to unusually unfavorable conditions for the fishing industry this year, and it is also possible that mistakes have been made within the leadership of the Greenland Trade Department. But underlying this is an entire complex of unsolved problems to the Greenland industrial life, and when, in a few years, the responsibility for the production will be transferred to the Greenland home rule government, the solution to these problems may become both an eye-opener to the Greenland society and provide a showdown with 250 years of Danish colonial policy marked by abstract European thinking.

On 6 October, the new Minister for Greenland Affairs Tom Høyem was informed that the 1982 deficit of the Greenland Trade Department would probably amount to 145 billion kroner rather than the 65 billion kroner provided for in the budget.

"I do not want to say that I have been deceived but merely that I am extremely angry," Tom Høyem told AKTUEL.

There are two aspects to the surprising deficit: its size and the late point at which it was discovered, viz. only 9 months into the accounting and fiscal year. In a report of 12 October on the deficit, the Greenland Trade Department states that it is especially due to two circumstances. First, an unusually cold winter which resulted in ice far into the summer. Second, entirely unusual price and especially wage increases in Greenland.

The Greenland Trade Department states itself that the difficulties caused by the ice have resulted in a loss of profits on account of smaller catches of fish of 46.3 billion kroner, and that the wage increases alone are an extra budgetary burden of 44.8 billion kroner, 31.6 billion kroner of which are increases in wages for members of the Greenland Confederation of Labor, SIK, which has registered increases in wages of as much as 32 percent.

While nobody will, in principle, question the loss as a result of the difficulties in connection with the ice, and will not either contest the fact that at least the part of it which stems from the fishing during the past summer could hardly be predicted until October, members of the Greenland home rule government, among others, do not understand the element of surprise in the wage increases seeing that it was known some time in advance that four Greenland cost of living increments would be released on 1 April 1982.

Striking the alarm only on 6 October is in itself peculiar, and if, like any private business enterprise or any other government institution, they had provided for such a development when preparing the budget for 1982 sometime in 1981, the panic would have been entirely avoided. Not least because of this, Minister for Greenland Tom Høyem has asked the National Accounting and Audit Bureau to examine the budget and the accounting systems of the Greenland Trade Department to find methods for predicting changes at an earlier stage.

To a government which has been so extremely anxious to demonstrate its capabilities through energetic initiatives in the areas of retrenchments and cuts, an unforeseen overexpenditure of 80 billion kroner is an extremely unpleasant matter. After it became known, the Greenland Trade Department, together with the ministry and the Greenland home rule government, has, indeed, found coverage for approximately 34 of the 80 billion kroner. This has been done through savings, postponements of activities and increases in rates in a number of areas. The remaining 46 billion kroner will then be sought covered via the Appropriations Act at the end of the year (i.e. by the taxpayers).

The question is, however, whether an increase in the deficit of 46 billion kroner would be a surprise to very many people. Since 1971, it has been unnecessary only in two fiscal years to pass appropriations bills to cover deficits which exceeded the deficits provided for in the budget, viz. in 1977, when a record-high amount of 74.1 billion kroner had been earmarked under the regular budget for the coverage of deficits, while the actual deficit only amounted to 58 billion kroner, and in 1980 when the difference became a couple of million kroner in the positive direction.

In all other years, it has been necessary to pass appropriations bills, in 1974 and 1975 involving as big amounts as approximately 50 billion kroner, and in 1981 involving 24.5 billion kroner.

Takeover

According to the original schedule for the takeover by the Greenland home rule government of the responsibility for the various parts of the economic life in Greenland, the production and business sectors are to be transferred to the home rule government on 1 January 1984. The Greenland Trade Department's own production activities and its marketing organization constitute a very essential part of this sector. The Greenland Trade Department thus owns 9 trawlers especially for the cod fishing, 8 factories for fish products and 65 other smaller plants either for the curing of fish or the reception of other fishery products.

This entire sector today receives considerable economic aid. The state-owned part of the sector alone has an annual turnover of 600-700 billion kroner, employs, on the average, throughout the year, approximately 2,200 people, and has a deficit which, under the budget for 1983, is covered by a grant of 79.3 billion kroner. In order for all of Greenland's production and export activities to continue to function, it, therefore, will be necessary to continue making state grants for a number of years.

Negotiations have already been carried on for a very long time on a government official level between the Greenland Ministry and the Greenland home rule government on how to fix this state subsidy. But the negotiations have so far not resulted in any agreement on the principles.

The Ministry for Greenland originally wanted the subsidies to be granted as fixed block grants over 3 years in order for both parties to see how things developed, and the system fitted into the real world. The home rule government, for its part, has all the time been opposing block grants, as they are known, for example, in the school sector, because the production activity is dependent upon a number of factors (currency rates, world market prices, climatic conditions, fish resources) upon which one has no influence and which one cannot predict.

"It is no secret that we wanted to take over the production and business sector already as of 1 January 1983, but the state did not come up with any clear indication how to arrange the question of grants and the financing of working capital," says Lars Emil Johansen, who is minister of industry within the home rule government. "We have for a long time been pointing to variable subsidies on account of the influence of external factors. If the state has not even been able to foresee the deficit for 1982, it is not possible either to arrange fixed block grants for a 3-year period. We still consider it extremely important that we take over the production and export activities on account of the central influence on the entire development within the Greenland society which this sector will give the home rule government. We have said that it is high time for the transfer to take place, but that we do not want for the takeover to take place at any price. It is a condition to the home rule government that the areas transferred function well. Therefore, decisions must soon be made in this area, for, in order for it to be achieved by 1 January 1984, the so-called decentralization of the production and marketing activities of the Greenland Trade Department will have to begin already on 1 January 1983. By soon, we, therefore, mean this month."

On 21 September, the Ministry for Greenland Affairs sent a report on all of these problems to the Ministry of Finance. The said report contains a proposed compromise in the area of subsidies, presented by the home rule government, although the home rule government, in principle, still wants variable grants. The proposal is to the effect that if the accounts for the sector show movements in relation to the subsidies included in the budget of 10-20 billion kroner or more, these movements shall give the right to renegotiation of the size of the grant. The report concludes with a request to the Ministry of Finance to comment on the proposal. But the Ministry of Finance has not yet given an answer.

Concentration

The production and marketing activities of the Greenland Trade Department are comprehensive and complex but, incidentally, subject to guidelines which do not primarily take into account the question of profitability. In report No. 819 of May 1977, it is said in the following way: "The society's production activities in Greenland have, to a great extent, been established with a view to creating employment and are carried on primarily on the basis of such considerations, for which reason purchases are made along the entire coast, even if, from an economic point of view, it would be more profitable to concentrate the purchases in a few places."

These employment considerations, undeniably, underlie the daily activities of the Greenland Trade Department, but there is also a reality which is not quite in accordance with the feeling of decentralization conveyed by the citation. Some would say, on the contrary.

The framework set up has given the Greenland Trade Department considerable liberty to develop its activities as it found best, and not least in the light of the ideas of centralization and the policy of concentration which have been shaping Greenland since World War II, the Greenland Trade Department has built up an enterprise which in many areas is extremely centrally controlled with the greatest possible extent of large scale operations.

It has been endeavored to solve the employment problem through the construction of fish-processing factories in the major cities, where it would be possible to repair and maintain the technical equipment, where labor was available, and where the large cargoes of the trawlers could be landed and processed. The catches landed from smaller boats in settlements and outlying areas would have to, and still have to, be cured, dried or, following the necessary first treatment, be taken by boat to the factories in the towns, which, occasionally, resulted in very large percentages of rejection. Indirectly, this has meant an increased depopulation of the settlements and a further deterioration of the living conditions of those remaining behind.

From the part of the population mainly living as hunters and sealers (approximately 20 percent of the population), the Greenland Trade Department has largely confined itself to purchasing sealskin, seal meat and furs, incidentally, at losses, in order subsequently to have practically all further preparation and working up take place in Denmark. Also this policy has meant migration from the settlements to the towns, and it is generally felt in Greenland that the very rapid growth rate of the urban populations in the years following World War II is the main cause of the heavy human, social and cultural problems in Greenland.

Danish and Greenland Thinking

The thinking underlying the policy of concentration is in Greenland considered very Danish and very European. The reasons given for it from the Danish side are, however, not exclusively of an economic nature. In the

study of the Social Research Institute "Social Problems of Greenland" of 1975, it thus says: "The present study, however, has pointed to a number of unsatisfactory social and economic conditions for the inhabitants of the settlements which may be remedied only with difficulty unless the inhabitants move to the Greenland towns." Another (Danish) report "Development Problems in Greenland Settlements" in 1976 reached a directly contrary conclusion: "The unsatisfactory social and economic conditions of many settlements may be remedied, seeing that not least the problems of unemployment have been created by the society."

It is the intention of the home rule government to change the production policy once the sector has been taken over, in order, at least, to stop the migration from the settlements to the towns. Changes have already been carried through in the housing and school policies for the settlements, and the Greenland Trade Department has been prevailed upon to change its price system for purchases of fish, so that the settlements are now on an equal footing with the towns.

After the takeover of the sector, the fleet of trawlers and the factories are expected to become reorganized with a view to far more differentiated tasks than mere shrimp and cod fishing, on which the entire fishing industry has hitherto been based. Greenland halibut, Norway haddock (of which German trawlers catch enormous quantities off Greenland), Uvac (inshore cod), Rock Grenadier (a cod species) and Capelin (a herring-like fish) will have to be utilized and the products developed.

Efforts will be made to set up in the settlements small cold stores and splitting and filleting machinery of simple design, and the training of technicians for the settlements--barefoot physicians of sorts in the area of technology--is being contemplated with a view to solving the problems of maintenance. Protection of the resources by means of ecologically fixed quotas will also further the diversification of the catches and the fishing to comprise the largest possible number of species.

"It is no use saying that Greenland is located in the wrong place, that the wrong fish live in the sea and that the wrong people, with their hands screwed on wrongly, live in the country," says Lars Emil Johansen. "We must begin with what we are and what we have. Once we have taken over the production sector, time will show whether we are able to do it better than it has been done so far."

7262
CSO: 3613/30

LABOR MINISTER BLUEM ON CUTS IN SOCIAL PROGRAMS

Duesseldorf WIRTSCHAFTSWOCHE in German 8 Oct 82 pp 22, 24

[Interview with Norbert Bluem, federal minister of labor: "Protection Against Exploiters"; date and place not specified]

[Text] In the words of Federal Minister of Labor Norbert Bluem, there are "no sacred cows and no taboos" in the new economy measures in the federal budget. The WIRTSCHAFTSWOCHE spoke with the new minister about the future course of German social policy.

[Question] Mr Bluem, how does one feel as a fledgling minister in the social field who over the long term not only has nothing to distribute but has to save?

Bluem: The logo of the minister of social affairs is certainly not the Christmas stocking. It is more likely the poorbox. But we are not going to approach economizing defensively or pessimistically. On the contrary, economizing is a probation test of the imagination. I favor a social policy which is measured not just by how much money it moves but rather by how it contributes to helping people become more independent and self-confident.

[Question] You have designated a breathing space in social policy as the first retrenchment measure of the Christian Democratic-Liberal coalition. After that, when will people be able to breathe again? In view of the budget situation it is already clear that a second cut will have to follow soon.

Bluem: First of all, a breathing space means the same for political life as it does for the private. It is a pause that protects us from exhaustion and enables us to gather our strength. We have only the choice between restraint and destruction. Since I am against the destruction of the social system, I consider a pause unavoidable. This pause, in which all adjustments in the social field will be delayed for a half a year, also sets a standard for the nonpublic sector.

[Question] A wage freeze for everybody?

Bluem: What we expect from the widow with an 800-mark widow's pension cannot be taken away by other partners in the wage system. The business cannot evade it with their pricing policy, and that principle also applies to the income of the self-employed, for example, doctors. All of them now will have a half-year pause.

[Question] But you cannot avoid further cuts in social outlays, since other budget items like defense are taboo for the federal government.

Bluem: There are absolutely no sacred cows and no taboos. Everything can be checked to see if money is being spent unnecessarily, if it can be used better or more effectively. Even in the social field one must ask whether the money always reaches those for whom it is intended.

In addition, I ask that the social security system not be regarded as a transfer system in the classical sense. In the field of social security pensions it is not a question of transfers from the rich to the poor. The pension is not a gift from rich people to poor people; it is nothing more than compensation for previous work performance and for previously paid contributions. I want to strengthen this system of work justice and, wherever possible, keep it away from the state. We stand at a crossroads: on one side, toward more control by the state, which appears as the great merciful superfather; on the other side, away from the state toward solid self-help through self-administration.

[Question] How will the system work in practice?

Bluem: Today we have a split system. The legislator has the authority, and self-administration bears the consequences. I would favor bringing the authority and the consequences together under the same hat. The present mixed system of self-administration and the state is a system of organized irresponsibility. No one knows exactly who is responsible for whom.

[Question] Nevertheless the empty treasury is not going to be filled with clarification of authority. What do you wish to change in the system in order to cope with the shortage of funds?

Bluem: It would be worthwhile to investigate the target accuracy of the social security system. I do not think much of a system of transfer's financed by the same people who are receiving the money. If everybody got 10 marks, it would be the same as nobody getting 10 marks.

[Question] Does that mean that you want to reduce the number of social security recipients?

Bluem: Yes. Expansion does not always mean progress. For example, by constantly expanding the definition of the handicapped we have merely created more competition among the truly handicapped for jobs.

[Question] Do you believe that a stronger protection against abuse can relieve the burden on the social security budget?

Bluem: The social security system has to be protected from exploiters. The dropouts are the exploiters of our social security system. I am against exploiters in any form, even colleagues who exploit their own colleagues by letting themselves be supported when there is no need.

[Question] But are you going to gain disposable assets that way?

Bluem: We are certainly not dealing with a nation of slackers, loafers, and criminals. They are a very small group, but bad examples undermine moral principles, such as the need to save.

[Question] In the face of forced saving, how long are unemployment payments, continued wage payments, and maternity allowances taboo? In the coalition negotiations it was you who blocked the reductions of these outlays, which had been considered for cuts.

Bluem: In the case of unemployment payments we want in the future to differentiate more sharply according to the duration of contributions. He who has been paying contributions for 40 years and who is suddenly today out on the street because of a bankruptcy should be able to collect unemployment benefits for a longer time than a young fellow who has been contributing only 3 years. That policy also makes sense from an insurance point of view. Older people are more difficult to place in jobs than young people.

[Question] Do you want to pay unemployment benefits to the old beyond the limit of the 1 year presently in effect?

Bluem: That is a calculation which I cannot now anticipate. This depends on how one can handle the differentiation between the old and the young within the limit of the available funds.

[Question] And will the unemployment benefits in the future remain unchanged at a rate of 68 percent of the last net income?

Bluem: If we had reduced the unemployment benefits to 50 percent, it would have meant nothing more than shoving the burden off on the welfare budget. A reduction of the unemployment benefits in a way that would oblige the welfare system to take over would be a change in the system.

[Question] And continued wage payments?

Bluem: The big overall step of stopping continued wage payments is less likely to hit the target than plugging the loophole that is open to individuals who commit abuses. One should not impose a grace period of 3 days on everyone, good or bad. Those who always have gripe on Monday and those who during the potato harvest regularly report sick are usually known to the enterprise. The authorized physician should therefore be able to verify on the first day whether a sickness claim is justified.

[Question] And the maternity benefits, which your cabinet colleague Lambsdorff wants to eliminate in order to save the state about a billion marks, will not be touched either?

Bluem: I have always maintained that this maternity allowance is unjustified, because it leaves out mothers who are unavailable for employment. But we are not establishing justice by introducing the zero-wage scale at this time and by ceasing to pay mothers who previously received the money and therefore were able to remain with the child at least temporarily. For me family policy remains the center of a social policy which links independence to security.

[Question] Can you keep this guarantee as well?

Bluem: Well, if unemployment is not going to be reduced, or if it explodes, then all our sociopolitical mental exercises rest on quicksand. The number-one problem of social security is to restore full employment. If we don't push back this unemployment, which is now in the millions, then we are just spinning our wheels.

[Question] But all indications suggest that unemployment figures will still rise. Even with economic growth of 3.0 to 3.5 percent in the next few years--and there is no indication of such a recovery at the moment--joblessness will increase strongly up to the end of this decade, according to the calculations of labor market researchers. All that remains is the management of scarcity.

Bluem: "Management of scarcity" sounds so pessimistic. If the scope of the threat is clear to everyone, then everyone must know that it's now a question of everyone pulling together--management, workers, unions, the state. We can stop the decline and bring about the turnaround only with a big heave.

[Question] A new concerted action, led by the federal minister for labor and social order?

Bluem: I make no big new claims now. I have only the big round table of reason, around which reasonable men and women discuss solutions. This is a necessary component of social policy in these times.

[Question] What solutions do you want to propose?

Bluem: There are no miracle cures for all our problems. There are only 1,000 steps. One step, only one, is the lowering of the flexible age limit.

[Question] That would create only 70,000 to 80,000 new jobs.

Bluem: We need growth, the more the better. We need a new education policy which helps us keep our place in the world market through intelligent products. We also need forms of work flexibility with no shortening of labor time.

[Question] Chancellor Kohl promised to bring the unemployed back off the streets. Aren't you arousing expectations which you may not be able to satisfy? Won't the disillusionment be much greater then?

Bluem: In contrast to the world champion announcement maker Helmut Schmidt I am not setting any deadline for the recovery. We shouldn't face the future

with resignation. Nevertheless we should be ready for a change in our habits of income and work time, for we have come to the end of an era. The pie can be distributed only once, and the pie will no longer be so large that we can fulfill all wishes simultaneously.

[Question] How will you, an acknowledged trade unionist, maintain your role as a buffer between a Christian-Liberal coalition and the trade unions?

Bluem: I have no such marketing problems that I have to think over what flag I am sailing under. I create a policy which I consider correct--and I do it without endlessly sweeping around with a radar looking for the way of least resistance. We will overcome hard times only with a minimum of social consensus.

[Question] But the echo from the trade unions to the first decisions of the coalition was clear: "declaration of war against the social system," "danger to social peace,"

Bluem: I advise my trade unionist friends not to shoot at the fireman, who did not set the fire. The repair mechanics are not responsible for the accident, nor are those who reduce debts responsible for incurring them. Besides, it has always been an old trade union tradition not to pay attention to words but rather to deeds. The trade unions should give the new government time, so as to judge it by its deeds.

6108

CSO: 3620/49

PARLIAMENT HANDED FINAL SUPPLEMENTARY BUDGET BILL FOR YEAR

Helsinki HELSINGIN SANOMAT in Finnish 27 Nov 82 p 3

[Article: "Government Trims Expenditures"]

[Text] This year's state expenditures will be trimmed by a full 240 million markkas so that the year's last or fourth supplementary budget, presented to parliament on Friday, will be balanced. The government will have to borrow an additional 545 million markkas this year in order to balance the budget. The government's debt will increase to a total of more than 8 billion markkas this year.

The final sum of the year's last supplementary budget will be 1,799 million markkas. Nearly half of this sum will go for compensations for price differences connected with excise taxes.

The expenditure reductions proposed by the government will now be noted for the first time as reductions visible in the supplementary budget. The government made a separate decision in principle regarding the expenditure reductions on Friday so that the various ministries would not spend the money before the supplementary budget is approved.

According to the decision in principle there will be 10 million markkas less for development credits, 20 million markkas less for housing subsidies, 20 million markkas less for farm subsidies, 5 million markkas less for limiting egg production, 30 million markkas less for the state's share of hospitalization care, and so on. A total of 241 million markkas in expenditures will be trimmed from the budget.

After the approval of the fourth supplementary budget, the state's expenditures will be a total of 69.1 billion markkas in the current year.

10576

CSO: 3617/36

SURPLUS IN TRADE WITH USSR REDUCED THROUGH SPECIAL ACCOUNT

Helsinki HELSINGIN SANOMAT in Finnish 23 Nov 82 p 23

[Article: "Surplus in Soviet Trade Reduced by Special Account"]

[Text] A special account arrangement worked out between the Bank of Finland and the Soviet Foreign Trade Bank reduced the amount of the tied-up currency reserve in the middle of November. The Bank of Finland's most recent balance shows approximately 3.3 billion markkas in currencies receivable in Soviet trade.

The special account arrangement agreed upon between Finland and the Soviet Union is part of the effort to balance trade between the two countries, on which agreement was reached in the fall. Managing Director Ahti Karjalainen of the Bank of Finland stated on Monday that approximately 150 million rubles or a full 1.1 billion markkas was transferred to the special account. All in all, the Soviet Union will transfer 300 million rubles or a full 2.2 billion markkas to the regular account.

According to Managing Director Karjalainen the special account will be taken into consideration by degrees in the next 3 years in building trade agreements.

In this phase the arrangement will reduce pressure to cut back exports according to Karjalainen.

The Soviet Union will pay interest on the special account, but it is impossible to announce the amount of this interest according to Karjalainen. He considers the payment of this interest to be a positive measure since interest is not accrued from a simple trade balance.

Karjalainen mentioned that raising the credit limit, additional trade in oil, military procurements, and so on would also alleviate the situation in trade between Finland and the Soviet Union. Some of these measures are "indeed alleviating and some are temporarily alleviating solutions".

The trade situation at the end of this year will not be as much to Finland's benefit as it seemed earlier according to Karjalainen. The real problem over the long term will be to bring exports and imports of commodities and services into balance and this will take several years.

Managing Director Karjalainen thinks that the balance of payments "will drop to a rather low level" after actions implemented by the end of the year.

THOMSON-CSF SHOWS PROFIT DECLINE, SEEKS NEW FINANCING

Paris LES ECHOS in French 18 Oct 82 p 9

[Article: "A Delay In the Component Plan?"]

[Text] At a time when Thomson-CSF is announcing particularly bad results (see box below), contradictory rumors continue to circulate on the possibility of the elimination of the microlithography department of Cameca, a subsidiary of the group attached to Thomson-CSF Data Processing. Cameca, which employs fifty persons, has developed in the past three years the manufacture of equipment making it possible to produce integrated circuits.

After having used more than 50 million francs of funds and after the announcement of the Matra-GCA [expansion unknown] agreement (LES ECHOS 15 Oct), Thomson is today raising serious questions on the pursuit of an activity which requires very heavy investments.

At the company headquarters, they still refuse to confirm or deny the news. However, it is known that discussions are currently underway, both at the ministry of industry and with the European Community to find new sources of financing.

In fact, the commission of the EEC is to decide before the end of the year about the distribution of the program of 40 million ECU [European Currency Units] over 5 years launched in December 1981 for the promotion of European micro-electronics.

However, if no agreement were found, Jean-Luc Lagardere, CEO of Matra which, with the creation of a subsidiary along with the American company GCA, has just affirmed its position in integrated circuits, could purely and simply take over the sector of equipment from Cameca.

And give itself a good advance on Thomson in the component plan where the government had, however, decided to let the two poles become established.

Fall in Results

Friday, the CSF stock figured among the greatest losses of the session, losing 4.5 percent to 139.90 francs. Of course, it was known that the 1982

fiscal year would be bad, but there was surprise around the stockbrokers' central enclosure about the magnitude of the losses registered for the first two quarters.

Thus, while the sales of the parent company held up at 7,010 million francs (in current francs), compared to 6,795 million on 30 June 1981, the net result is a free fall, since it has a deficit of close to 555 million francs compared to a profit of 84.3 million francs. A loss due to the difficulties encountered in the areas of medical and telephone equipment: professional electronics showed a profit.

On the other hand, considering the current economic situation, an improvement in the results should not be expected in the second two quarters.

In order to fight this situation, restructuring measures have been taken and research and investment programs have been maintained at a high level.

The high level of orders: 40 billion on 30 June 1982, compared to 30 a year earlier, should bring about a progression in activity next year. But the return to profitability will probably be slow.

For the group, sales on 30 June totaled 12,579 million francs, compared to 11,647 million last year (up 8 percent). The portion of business done outside of France has dropped from 51 percent last year to 45 percent this year.

9969

CSO: 3519/74

STUDY FINDS 1983 BUDGET HURTS PRIVATE INDUSTRY

Paris LES ECHOS in French 4 Nov 82 p 3

[Text] In a comprehensive study of the 1983 draft budget, the Paris Chamber of Commerce states that the serious situations of a large percentage of businesses require "such important and such urgent remedies" that the volume and procedures of the draft budget's considered support is largely inappropriate. "Discriminatory, it will seriously penalize the private sector."

According to the CCIP [Paris Chamber of Commerce and Industry], the appropriations bill gives preference to research and the public sector. Research is good in principle, but to what extent will industrial businesses benefit from it? "Hasn't the effort in favor of researchers already been confused with the effort in favor of research, its application and its profitability?"

As for the public sector, it will receive 17 billion francs in capital contributions (new public corporations for 1982-83) and will have to find additional resources of 30 billion before the end of next year. Not to mention 27 billion for the iron and steel plan before 1986. According to the Consular Company, it is doubtful that budget allocations will be sufficient to absorb the losses accumulated in the past.

Aid to private industry will in turn be reallocated according to three criteria: the substitution of automatic aid available to all businesses with negotiated aid granted in exchange for specific commitments by the beneficiary; the more frequent granting of tax reductions instead and in place of subsidies or aid; finally, a simplification of procedures. "These last two choices are closely akin to the concerns often expressed by the CCIP. The criteria adopted for the negotiated issuance of possible aid, on the other hand, are still too vague to rule out all arbitrary risks. The substitution of former FDES [Economic and Social Development Fund] aid with loans granted by banks also entails a dilution that is not necessarily favorable to small or medium-size firms, which will no longer have a well-defined negotiating partner before them."

Thus, the chamber concludes, the industrial aid policy appears even more inadequate since it is discriminatory.

Past and foreign experiments show that vitality and dynamism are breathed into an economy less as a result of the intensification of public investment than by giving private enterprise the means to operate in full measure.

INCREASING NUMBER OF INDUSTRIES BEING HIT BY UNEMPLOYMENT

Oslo AFTENPOSTEN in Norwegian 4 Dec 82 p 6

[Article by Truls Martinsen, Pal Stensas and Kjell Aaserud]

[Text] During the winter, thousands of jobs will disappear, never to return again. The Labor Directorate forecast calls for 60,600 out of work in January. That prediction will not be borne out. Unemployment is growing from month to month at a much quicker pace than the one anticipated in the forecast. January represents the top point in the worst winter on the job market since the last war. Starting in February, unemployment will gradually decline to 45,400 in June, if the forecast proves correct. But by then we will have gone through the winter and spring with 14,000 more people out of work than the year before. There are no prospects today that new jobs will arise in the interim that could fill the big gap. By and large, the outlook for industry is gray and gloomy.

Industry is being hardest hit by the reductions, but no branch is unaffected. Even businesses that are well protected from outside competition have rising unemployment, and the same is true of the primary branches of farming and fishing, scientific research and health care. Everything appears to be interconnected. If there is a recession, eventually it affects everyone.

What then are the reasons for unemployment? Layoffs represent the largest number. Only a small part are due to permanent reductions or the closing of plants, if one is to believe the official statistics. The October statistics show that in the first 10 months of the year, roughly 3,300 jobs were eliminated in 112 firms as a result of reductions. But these figures cover up large "hidden figures." Only reductions that involve more than 10 people have to be reported to labor authorities and many jobs that quietly disappear from a large number of firms are never expressed other than in the total number of those registered as being out of work.

This illustrates the "thinning down" that is taking place in the industries of the nation. Unprofitable products are removed from the program along with the employees who produced them.

Earlier this year the president of the Norwegian Industrial Association estimated the number of industrial workers producing unprofitable goods--

where the manufactured value is lower than the wage costs--at between 50,000 and 60,000. Some 30,000 of these jobs will probably be "weeded out" this year.

"Counter-cyclical policy blocked reorganization. The necessary elimination of unprofitable jobs has already come a long way. The problem is that we have nothing that can absorb those whose jobs have been cut out," said undersecretary Kjell Stahl of the Labor and Municipal Affairs Ministry.

In the future the ministry will try to solve the problems as they come up. Special job measures employ 24,000 today, thus keeping these people from becoming part of the unemployment statistics. This activity will be continued to the same extent next year. In addition, housing construction will be further stimulated, even though this is not necessary for strictly housing policy reasons. "We will also keep a close eye on municipal economy," said Stahl. "But the current measures were formed in an entirely different employment situation than the one we have now. New and more effective means will first be proposed in the spring, in a report to Storting on employment policy."

In the meantime, do you choose to rely on the forecasts and proceed accordingly?

"We have no basis for making radical changes, but the ministry is aware of the fluid situation and the fact that many firms could go under. Only an international upturn on a broad basis can change the picture on a broad front. Many are waiting for the upturn, but it will probably never come."

In Norway today there is only one sector that can grow regardless of the international market situation. That is the oil industry, but that is unlikely to provide new jobs before the second half of next year. In the course of the next decade, development of the oil fields can contribute 25,000 new jobs in addition to the 50,000 it provides today. Starting up power plants can also help to increase employment in the long run, but the state will not begin building new power plants next year.

No Bright Spots Visible

The weakness in employment is primarily an industrial problem and the latest unemployment figures show that "men in their prime" are also beginning to show up in sizable numbers in the unemployment statistics. That is because the weakness in the markets is also beginning to affect traditional mechanical industries in addition to basic industries like foundries and wood processing. In other words, the crisis is starting to have a deep effect on industry and industry itself sees few or no bright spots in the next few months.

Decline Will Continue

The report to the Industrial Affairs Ministry had these things to say about that:

The steel industry is in a hopeless market situation with an overcapacity that will lead to declines for a long period of time. This also affects the ferrous alloy industry. The outlook is also bleak for the aluminum industry, even though there is a prospect for an upturn toward the end of next year. The gravity of the situation is underlined by the fact that there is hardly one Norwegian firm in the foundry sector that will show a profit this year.

The chemical industry also expects weak markets in the coming period of time. This applies in particular to the part that produces raw materials. The picture is less onesided in the area of finished products. Paint factories anticipate a stable development, as do oil refineries and related industries.

The machinery sector has noted signs of a decline in several areas, after some increase in sales earlier this year. But some firms are still doing well. Producers of means of transport are no longer optimistic. The construction machinery branch is expecting greater competition from Sweden following the devaluation.

The graphics industry fears lower profitability. The big firms in particular anticipate increased competition from abroad. But even so, this branch is experiencing the establishment of new firms, especially small ones.

Wood product factories and the furniture industry see no bright spots, especially after the Swedish devaluation.

The food products industry is still doing well, but not everything looks bright. The fish industry, especially canneries, has been hit by the crisis, both because of weak markets and because of a shortage in raw material supplies.

The textile industry is in the midst of a period of decline that has been going on for a long time. The fishing tools industry is in special trouble.

Shipyards in Crisis

The shipbuilding industry will also be hard hit next year. There is no longer a shipbuilding market that can support the entire Norwegian shipyard industry. Cutbacks are inevitable. After the first of the year things will go downhill for the shipbuilding industry. From 6,000 to 7,000 jobs are directly in danger.

Some 12,000 people are employed in new construction. Orders are needed for between 5 and 6 billion kroner. The shipyards now have an order backlog of just under 2 billion kroner.

Several small shipyards in the western part of the country face an uncertain future. Here the circular effect on the local community would be extremely large. In the eastern part of the country, the situation for Kaldnes Engineering Shop is serious. There is a real danger that it will be shut down and that would lead to the loss of 900 jobs.

Small Communities Affected

Ostfold is the country's most "industrialized" county, with high unemployment in the southern towns after the big wood processing firms rationalized operations and cut the number of jobs. Today, unemployment in Halden is at 6 percent and it is almost 5 percent in Fredrikstad. In the county as a whole, unemployment is around 4 percent.

But Halden will have an unemployment rate of 15-16 percent when Saugbrugsforeningen lays off 1,000 workers after New Year's. Fredrikstad would have been in about the same situation, if Fredrikstad Engineering had not received state support for the Heimdal contract. In Askin, unemployment will triple when Viking-Askim lays off 650 workers on 17 December. A new hard blow will hit the county job market when Mos Glassworks fires 100 workers after New Year's. These are jobs that will never be available again.

East Telemark Also in Bad Shape

Tinfos Ironworks will fire 250 workers after New Year's. That will bring unemployment in the Notodden district up to 6 percent, but the dismissals will result in an unemployment rate of 35 percent for industrial jobs in the town.

Few New Businesses Being Established

Firm closings are not the main reason for the decline in industrial employment, Thorleif Haugland pointed out in the October edition of the Central Statistics Bureau's "Economic Analyses." After studying conditions in the period 1976-80, he suggested that the shortage of jobs was due to the fact that the number of new firms established in industry has not produced enough new jobs to offset those lost as a result of reductions.

Haugland suggested that around a quarter of the jobs that are lost come as a result of firm closings. If one looks at the number of new firms set up in the period 1976-80, there was an increase while at the same time there was a downward trend in firm failures. In the same period, industries subject to competition lost 13,300 jobs, while protected branches increased employment by 3,000.

In all probability the situation today is bleaker with respect to both new firms and the closing of old ones. Nils Nesdam of the Norwegian Industrial Association says that interest in establishing new firms at this time is inclined to be moderate. The economic situation can be part of the reason for this, but Nesdam also thinks that the "initiators" who have the background and the ideas are doing so well where they work that they are reluctant to take a chance on going into business for themselves.

A sign of the times is that big firms that have hired people with product ideas encourage them to go into business for themselves. When and if they succeed, the "mother firm" buys the enterprise, while the initiators continue on their own and create new products and new production.

"A cardinal issue today is getting young people to start up on their own," said Nesdam. "It is not easy. They are well-established where they work, while they know that they must take all kinds of chances if they set up their own place."

But Computers are Booming

We find the most secure jobs in Norwegian industry primarily in the electronics branch. Although the picture may vary from one firm to another, this branch can point to solid growth and steady employment in the last few years. The outlook for next year is very good. Norwegian production of electronics involves around 12,000 jobs and sales are around 5 billion kroner.

Five or six big firms dominate the branch, among them Norsk Data, Elektrisk Bureau and Standard Telephone and Cable. Ivar Lund, secretary of the Electronics Producers' Branch Association told AFTENPOSTEN that the branch is dominated by optimism, although it is hard to see farther than the end of 1983. But the jobs are vulnerable. If the Telecommunications Agency places one of the big contracts for its new telephone system abroad, it could lead to a reduction of activity in these firms.

Director Petter Planke of the Tomka Systems Company, chairman of the branch association, revealed that sales of Norwegian-produced electronics have increased by 60 percent in the last 2 years. He pointed out that the strong emphasis by the branch on product development is necessary.

"An expansion of the exploration activity in the North Sea is necessary so that our members can avoid a large number of layoffs in the future. One firm has already laid off 100 workers as a result of a shortage of offshore jobs," said director Erling Skjaershammer of the National Association of Electro-installers.

Skjaershammer fears a weaker market in both industry and housing next year. "But luckily, our branch with 16,000 employees has an alternative in the area of saving energy when the traditional sources of jobs dry up for a while," said Skjaershammer.

6578

CSO: 3639/35

SEVIG EXAMINES SHIFT IN MONETARY POLICY

Istanbul DUNYA in Turkish 8 Nov 82 p 2

[Article by Veysi Sevig]

[Text] In recent months, optional changes have, for several reasons, been made in the monetary policy being pursued in order to reduce the rate of inflation. We call them optional changes because application is not universal. They are being applied to ensure some special circumstances.

Unconventional support works being carried out for a handful of organizations that are active on the money market in addition to organizations that wish to take advantage of rescue operations have, like it or not, created examples of discriminatory practices.

Measures pursued in economic life, in general, express the understanding of the time they are developed as a unit and are effective at the time. Change within the unit can always occur at one point or at several points. However, if changes take place on the most effective tools, it is possible to meet up with very negative results rather than ending up with anticipated results.

In a statement made by Istanbul Chamber of Trade Chairman Nuh Kusculu, he mentioned that he is worried about the increase in the rate of inflation at the beginning of the new year. Kusculu, noting that the volume of currency issue had reached 574 billion liras and saying, "At this rate, it is inevitable that the volume of currency issue will climb to 600 billion liras by the new year," he attracted the attention of official circles to the increase in issue volume.

In fact, according to monthly indices prepared by the Istanbul Chamber of Trade, the increase in retail prices, which climbed 3.3 percent in September, rose to 3.4 percent in October. Furthermore, because the price increase was 2.8 percent in October last year, the development in the same month this year is rather meaningful. Too, the 3.7-percent increase in the prices of foods is a topic that requires consideration.

It is unavoidable to have the changes being pursued in our country, that are being made in the economic policy as a whole fit into a specific principle. This is because the extremely difficult days experienced in the past are still

fresh in our memories. To make exceptions for the difficulties endured in order to emerge from these days and, in this way, to heap the burden on one group or community alone is objectionable.

Before everything else, it was felt previously that several changes in application would be made. Among other things, something was expected in September. No tangible change in circumstances was witnessed to fulfill these expectations. To the contrary, a slackening in economic discipline was observed. Speeches and announcements made by officials constantly predicted that the existing situation would improve further. What a pity it is that there is still no evidence in the tools that will be used that there will be improvement.

On the other hand, while there is the expectation that the fiscal tools in economic practice will gradually be put into operation in an effective manner, this has not taken place, and, conversely, taxes collected have gradually fallen relative to taxes owed. In the meantime, the public was informed that basic changes would once again be made in the tax laws.

Carefully weighed balance must be used when employing fiscal tools. Tax laws, which, up to 2 years ago, were criticized for being static, unchanging, have come to be amended constantly, amended at frequent intervals during the past 2 years. In no other country in the world is there a body of tax laws that is able to be changed so quickly and so often.

The public, when evaluating practices, reaches a conclusion. Plans and programs and principles that are subject to frequent changes are not based on sensitive study. Therefore, within a short period of time, it is realized that the new applications will not produce the desired result.

Economic life in our nation is at a very critical point. Various deviations can cause us to be faced with negative outcomes at any moment. In the meantime, statements and announcements made by officials can be at least as effective as a change in application and can cause a specific change in economic life.

Turkey's economic problems in 1983 will, at the least, be as numerous and as critical as those in 1982. Among other things, there is no doubt that various negative developments that will occur will have an influence on the expectations of 1983. Because of this, the tendency to make random applications must be avoided in the future. If not, the prospect of a 20-percent rate of inflation can change suddenly.

11673
CSO: 3554/49

RANGE OF IMPENDING LABOR LAWS REVIEWED

Istanbul DUNYA in Turkish 8 Nov 82 p 1

[Text] Ankara -- It is expected that changes that will be made in Laws No 1475, 274, and 275, which deal with labor life, will be put into effect by the National Security Council immediately after the constitution is submitted to the public.

According to information obtained by a DUNYA correspondent, amendments of Labor Law No 1475, Unions Law No 274, and Strikes, Lockouts, and Collective Labor Contracts Law No 275 will become effective this month. Law bills making these changes will be drawn up directly by the National Security Council without being submitted to the Consultative Assembly. It is also anticipated that, when the revisions of the law are put into force, the practice of free collective bargaining will begin to be restricted.

Labor Law

The major change in Labor Law No 1475 is the new form given to the seniority compensation ceiling. As is known, under the law currently in effect, the figure upon which seniority compensation is to be based cannot exceed 7.5 times the minimum wage at the time. Accordingly, when the minimum wage is raised, the result is an increase in the ceiling, presently 75,000 liras. As one can recall, after lengthy discussions during which government officials stressed that it is necessary to discontinue the relationship between the minimum wage and the seniority compensation ceiling so that the minimum wage can be increased, an agreement on this issue was reached in principle with top officials of Turk-Is [Turkish Confederation of Labor Unions]. However, there is a difference of opinion as to the form to be given the seniority compensation ceiling.

Before the commission that will set the minimum wage and that will hold its first meeting on 17 November puts a new wage into effect, it is necessary for changes to be made in the seniority compensation ceiling through Law No 1475.

In parallel with this, a seniority compensation fund bill was proposed at another point in the agreement reached in principle between the government and high-ranking Turk-Is officials. It has not yet been determined whether this will become a reality within the structure of a separate law or of Law

No 1475. A difference of opinion in this area also arose on the issue of when the seniority compensation will be paid by the employer and when it will be paid from the fund. However, the view that, after the law is amended, a separate statute cannot be enacted through labor contracts in regard to seniority compensation has gained supremacy.

Laws No 274, 275

Changes in Unions Law No 274 and Strikes, Lockouts, and Collective Labor Contracts Law No 275 will parallel changes in constitutional statutes. The major amendments to be made are the inclusion of statutes redefining the principles for the formation and administration of unions; ensuring that unions are supervised effectively; determining what is a qualified union; removing unions completely from politics; banning strikes and lockouts; and setting down the manner of functioning of the Supreme Arbitration Council.

How the statute stating that "those who have not been employed as actual workers for 10 years cannot become union officials," which is introduced in the new constitution, will be put into effect will be determined after the changes in the law are made. It is expected that, in the meantime, a temporary statute will be enacted in regard to those who are presently serving as administrators.

Free Collective Bargaining

It is understood that once amendments of the law dealing with labor life become effective, free collective bargaining will begin to be restricted. Accordingly, the ban on strikes and lockouts will be continued, and negotiations will be held between employers and unions whose contracts have expired. In cases in which no agreement can be reached between the parties, the Supreme Arbitration Council will step in and will put a new contract into effect following predetermined principles. If an agreement is reached between the union and the employer, the contract to be applied mutually by the parties will be put into force.

Minimum Wage

On another hand, it is expected that a new minimum wage will be put into effect by the commission to establish a minimum wage that was summoned to convene on 17 November by Minister of Labor Prof Turhan Esener.

Taking into consideration the hikes put into force by the Supreme Arbitration Council in labor contracts, it is predicted that the new minimum wage, which, by law, must be raised by 1 May 1983 at the latest, will be set at approximately 13,500 lira's, a 35-percent increase.

11673

CSO: 3554/49

MINIMUM WAGE ISSUE SPARKS COMMENTARY

Ketenci Renews Call for Fair Wage

Istanbul CUMHURIYET in Turkish 18 Nov 82 p 6

[Article by Sukran Ketenci: "Sacred Wage"]

[Text] After 5 or 6 months of delay talking about meeting or planning to meet, the Minimum Wage Commission has begun deliberations.

The new constitution, in a construction appropriate to article 33 of the Labor Law and the meaning of the minimum wage, requires that the minimum wage necessary for dignified existence be computed on the basis of the worker's monthly outlay for food, shelter, clothing and family expenditures.

In setting the minimum wage, which by law is revised every 2 years at most, there have been gross increases in excess of 80 percent in some years but they have still remained below rapidly rising inflation rates, greatly eroding the real value of the minimum wage. A wage whereby a worker has to work 1 hour and 35 minutes for a loaf of bread, more than 2 days for a kilo of meat and more than 10 days for a pair of rubber-soled shoes and a month's pay is not enough to cover the rent on a two-room squatters' shack can be called neither a sacred wage, a minimum wage nor an honest wage.

Uncoupling the minimum wage and the severance pay ceiling may do more good than harm if it is not construed to mean reneging on the right of severance pay, if it is not intended for that purpose and if that is not the end result of it. In the same way, disjoining the minimum wage and civil service salaries is not objectionable if it does not entail setting the lowest civil service salary below the minimum wage. If each social right has legislation on its own concept and in its own right and is appreciated in this sense, progress in the rights will doubtless be better assured. At least, no one would be able to say, "They want to raise the minimum wage to improve severance pay," or, "This wage is too low for a minimum wage, but it will carry over to civil service and severance pay and that will come out of the budget and the economy."

The rationales once offered for denying the minimum wage its legal and social significance have disappeared. The provisions destroying the meaning of the minimum wage whose insertion in the constitution was attempted in the Consultative Assembly were deleted from the text by the [National Security] Council. The fact

that the Labor Ministry convened the Minimum Wage Commission in accordance with the relevant article of the Labor Law following the Council's rejection of attempts to remove the meaning and function of the minimum wage indicates that the thoughts excluded from the constitution will be excluded from the law also. While all these developments are positive from the standpoint of enabling the minimum wage to regain its meaning and function, the proposals reportedly brought to the commission on behalf of the government are alarming. The desire to index the minimum wage against inflation and unemployment both conflicts with economic reality and, more important, erodes a little more the meaning and function of a minimum wage already badly damaged in the sense of a sacred wage.

The social side of the state will be hurt. And the most important thing is that a low, unrealistic minimum wage, while being tantamount to a little more deprivation for an important group of workers, benefits a group of employers -- those who are supposed to pay their workers a wage much higher than the minimum wage but pay the difference in cash and off the record -- by allowing them to continue this practice of tax evasion.

Tunc Calls for Realistic Wage

Istanbul MILLIYET in Turkish 15 Nov 82 p 4

[Article by Halil Tunc: "Social Wage"]

[Text] The principle of paying workers a wage consistent with human dignity and adequate to a humane livelihood appears in the 1982 Constitution. Article 55 of the Constitution says, "The state shall take the necessary measures for those who work to obtain a fair wage consistent with the work they perform and to benefit from other social assistance," thus clarifying the matter and charging the state with ensuring fair wages.

The essential task of the state in every society is to ensure justice. Order is ensured in society through justice. The foremost requirement of justice is to guarantee to everyone in a country, and especially to the worker who is the essential element of production providing all needs of society, his rights and fair share. Certainly, order in society cannot be preserved in any other way.

While working to realize justice in wages, it is impossible to view labor, the element of production, as a commodity. There are certain circles today which view human labor as a commodity and, acting on the distorted logic that everyone is free to sell whatever commodity he has in whatever way he wishes, contend that labor also may be sold, whatever the circumstances and whatever the compensation. Yet, in law and in fact it is impossible to view human labor as a commodity, because labor cannot be separated from the entity we call "humankind" whom we consider the possessor and subject matter of all law. Though human labor may be the subject of bargaining in a collective agreement system, it is not the kind of bargaining that is done for a commodity. Indeed, there can be no such bargaining in a matter such as the minimum wage in which social causes rather than economic data come first.

For this reason, if setting the worker's minimum wage is left to the vagaries of contract bargaining or abandoned to the tyranny of a spin of the wheel of the law of supply and demand, it always results in employer advantages at the expense of the worker.

Greed for excessive profits at the expense of the public welfare and the tyrannical economic freedom that stimulates this greed often entail the deprivation of those who work in society today. So much so that even by unionizing the worker is unable to win the battle against it.

It is the duty of the state to call a halt to this process so damaging to the perception of justice in society. It is the state that has to take measures to prevent the abuse of justice. And the first measure is to set a minimum wage to enable the worker and his family to lead a decent life.

The inability to devise a realistic wage policy to date in our country has had its most painful impact on the minimum wage. A livable home today rents for 10,000 liras. Yet the consumer index shows rent at around 15 percent. Years of efforts to make wage increases out to be dangerous have tried to ignore the fact that a consistent wage policy is one means of rectifying the injustices in income distribution. Those who consider this detrimental to their interests have defended the need to take increased output into account in setting the minimum wage and have tried to conceal the fact that at bottom the minimum wage is a social wage. Yet the standard on which minimum wages are set the world over is the principle of social justice. The minimum wage is a social wage, a sacred wage, completely outside the realm of economic standards.

Labor Minister Mr Esener convened on 17 November the commission to set the minimum wage that will constitute the basis for a fair wage policy in our country. A number of criteria will play a role in setting the minimum wage. However, no criterion can exclude or weaken one fact. That fact is that the minimum wage must be sufficient for the worker to support himself and all that is his; in other words, the worker must have enough to pay the going prices so that he, his wife and at least three children can eat, be housed, keep warm, pay the electric bill and stay clean and meet transportation, clothing, education, health and recreation and entertainment needs.

This is the outcome the workers expect today.

8349

CSO: 3554/65

POLL REGISTERS BIG GAIN FOR BOURGEOIS PARTIES, DROP FOR LEFT

Helsinki UUSI SUOMI in Finnish 27 Nov 82 p 6

[Article: "Conservative Party Established — Manu Image No Longer Attracts People; Small Parties Also Stay in the Picture"]

[Text] The Social Democrats and the Conservative Party are struggling over a 1.5-percent difference in support in their election campaign. In a recent Taloustutkimus Oy [Economic Research Company] poll, support for the SDP [Social Democratic Party] amounted to 25.4 percent and 24.1 percent for the Conservative Party. The growth curves for both of them showed a slight decline.

Straining at the bit behind them is the Center Party (KEPU) with 19.1 percent, although rising as the curve indicates. The SKDL [Finnish People's Democratic League] is moving from 15.9 percent in what very clearly appears to be a declining direction.

Ordered by UUSI SUOMI, the poll is particularly reliable since a record number of people, or 2,847 men and women over 18 years of age, were interviewed in the survey. There were 128 interviewers in 127 different localities. Of these, 43 were cities and 84 rural communes.

According to the polling institute, the subject matter is being published in keeping with Finland's official statistics.

Accurate Figures on Small Parties Too

Taloustutkimus Oy research director Hannu Ilkas said that the figures on the small parties in this poll are apparently correct. The large sample guarantees this.

Of the small parties, the RKP [Swedish People's Party] has established its position as a 5-percent party. The figures now show exactly 5 percent, but the other small parties are moving slightly upward.

The poll promised 4.2 percent for the SKL [Finnish Christian League], 2.5 percent for the SMP [Finnish Rural Party] and 2.4 percent for the LKP [Liberal Party]. The POP [expansion unknown] also got a 1.4-percent support figure,

but the former SKYP [Finnish People's Unity Party] did not even get a tenth of a percent, although last summer the party attracted the former party secretary of the SDP, ex-Governor Kaarlo Pitsinki, to head the party and changed its name to the Citizens' Power League.

Big Vote in the Offing?

If citizens go to the polls next March as this survey indicates they will, the vote could be a big one.

While 21 percent of those asked did not express an opinion, only 6 percent of them declared that they would not vote at all if the election were to be held at the time of the survey. Voters were asked about the candidate from which party they would vote for if the election were to be held "tomorrow."

The fieldwork for the poll was conducted during the period between 6 October and 16 November 1982. This was a part of the Omnibus Poll, which is taken twice a month.

Big Parties Will Peak in Spring

The Taloustutkimus Oy curves show that the SDP began its rise immediately after the 1979 elections and reached its peak in January of this year during the presidential elector elections. At that time support for the SDP was over 31 percent.

After that the SDP curve dropped at the same rate as it had risen during the so-called "Manu-image" period. In March the SDP showed a slight rise, but then it went into a sharp decline which brought it to its present level in July.

The Conservative Party hit its peak period in April after the 1979 elections, when its support figures were about 26 percent. In May the Conservative Party's popularity dropped to about 23.5 percent to rapidly rise to the 25-percent level. From there it has gently slid down about 1 percent.

The KEPU's curve also jumps in smaller spurts in the poll. It was at its peak, or almost 20 percent, in May, when the Conservative Party was at its lowpoint. Going to over 18 percent in June, it rose in July and, after a small drop, again shows signs of rising.

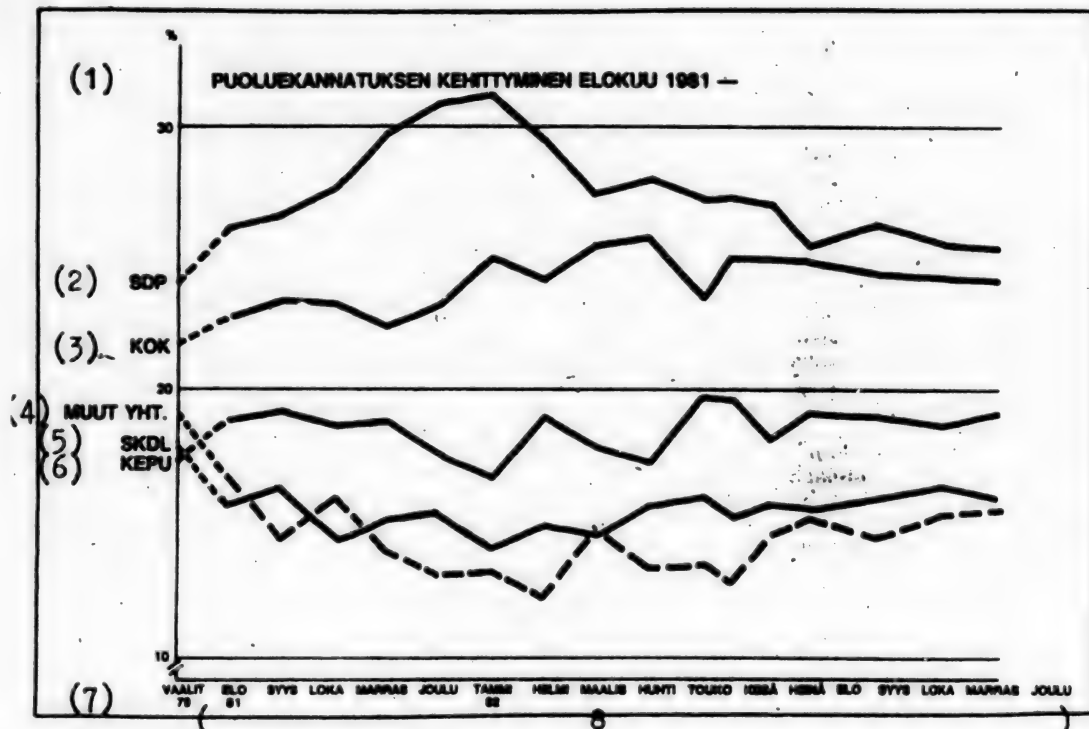
During the fall the SKDL's curve was the mirror image of the KEPU's, which is why its decline is evident. If the line continues as it has, any day now the combined small parties will overtake the SKDL support figures.

Nonsocialist Parties on the Rise

Taloustutkimus Oy's recent report also tells us that support for the nonsocialist parties is clearly rising.

During the 1979 parliamentary elections support for the nonsocialist parties was 58.1 percent. It later dropped several percentage points in the opinion polls, falling to 45.7 percent during the elector elections and jumping to 58.7 percent in this poll.

The electoral elections reading is really not suitable for comparisons because what was in the final analysis at issue were the elections of candidates centered about the name of Mauno Koivisto and he received a large number of votes borrowed from the nonsocialists.



Key:

1. Evolution of party support since August 1981.
2. Social Democratic Party.
3. Conservative Party.
4. Others combined.
5. Finnish People's Democratic League.
6. Center Party.
7. 1979 elections.
8. August - September - October - November - December - January - February - March - April - May - June - July - August - September - October - November - December.

The evolution of support for the parties has raised support for the SDP and the Conservative Party above the 20-percent line and the KEPU is knocking at the underside of that line.

	(1)	(2)	(3)	(4)	(5)
	Suomen Gallup 21. 4. 82	M-tietokeskus syyskuu 1982	Eduskuntavaalit 1979	Valitsijamiäs- vaalit -82	Taloustutkimus Oy loka-marrask. -82
	%	%	%	%	%
KOK (6)	25,6	25,5	21,7	18,7	24,1
KESK (7)	17,2	18,0	17,3	16,9	19,1
LKP (8)	2,2	1,6	3,7	1,8	2,4
RKP (9)	4,9	3,8	4,2	3,8	5,0
SMP (10)	2,9	2,5	4,8	2,3	2,5
SKL (18)	3,1	3,4	4,8	1,9	4,2
SKYP/KANSALAIS VALLANLIITTO (11)	0,1	0,2	0,3	—	0,0
POP (12)	0,4	0,2	1,2	0,3	1,4
Sit. (12)	—	—	0,3	—	—
Ei-sos. yht. (13)	56,4	55,2	58,1	45,7	58,7
SDP (14)	27,4	29,2	23,9	43,3	25,4
SKDL (15)	16,1	15,6	17,9	11,0	15,9
STP (16)	—	—	0,1	—	—
Sos. yht. (17)	43,6	44,8	41,9	54,3	41,3

Key:

1. Finnish Gallup poll, 21 April 1982.
2. M Information Center poll, September 1982.
3. Parliamentary elections poll, 1979.
4. Elector elections poll, 1982.
5. Taloustutkimus Oy poll, November 1982.
6. Conservative Party.
7. Center Party.
8. Liberal Party.
9. Swedish People's Party.
10. Finnish Rural Party.
11. Finnish People's Unity Party/Citizens' Power League.
12. Independents.
13. Nonsocialist parties combined.
14. Social Democratic Party.
15. Finnish People's Democratic League.
16. Finnish Workers Party.
17. Socialist parties combined.
18. Finnish Christian League.

Taloustutkimus Oy's broadly sampled poll will serve very well as a point of reference for the election campaign.

11,466

CSO: 3617/39

GISCARD, DENIAU ON GOVERNMENTAL NEEDS, UDF FUTURE

Paris LE MONDE in French 16 Nov 82 p 10

[Text] The choice of a slogan such as "Socialism Doesn't Work" is not enough to make the opposition believable in the eyes of a public which has not as yet given it its confidence.

Meeting in a national convention in Versailles on Saturday, 13 November, and Sunday, 14 November, the Perspectives et Realites (Prospects and Realities) clubs agreed on this fact, as did their guest of honor, Mr Giscard d'Estaing.

This weakness in the opposition has led Messrs Jean-Pierre Fourcade and Jean-Francois Deniau to question the efficiency of the UDF [French Democratic Union], of which these clubs are one of the components, and which will hold its congress next 27 and 28 November.

It led the former president of the republic to speak of the "method"--the new government method adapted to a society developing in unforeseeable and contradictory fashion every day, but also a new method for the opposition, which, he said, should alter its attitude and conduct in order to emerge eventually as a credible alternative solution.

It is a method for the opposition, but not yet a program--merely some guidelines which might be defined more clearly before the UDF congress.

Sunday, the 1,500 participants in the national convention applauded at length when Mr Giscard d'Estaing, accompanied by his wife, arrived.

Mr Jean-Pierre Fourcade, who now becomes honorary president, traced the achievements of the 7 years during which he headed the club. He proposed a deontological code for the opposition, suggesting in particular that it show "modesty," undertake to remain "loyal" to the former president of the republic, and ask him "to watch over freedoms." Finally, the speaker expressed the view that the opposition should show "responsibility" and not "falter when it comes to subjects with regard to which or in times when national unity is needed."

Mr Fourcade stressed the role of the clubs in the opposition, saying they should "contribute to the transformation of the UDF which, without reaching the fusion point, should improve its efficiency."

Mr Giscard d'Estaing, whose comments were based on the statement to the effect that "socialism doesn't work," began by saying "I have come here to share considerations with you." He explained as follows: "The French people, even before being disappointed in the results (of socialism) were disappointed in the way it operated, seen as rigid, centralizing, limiting possibilities, leveling and often intolerant... The socialism we are offered is perhaps adapted to a society of average development, but it is not adapted at all to the complexities of our advanced society." And he added: "When the system is bad, intentions, even if good, lead to disappointments and blockage. They end up in the graveyard of lost opportunities." By way of examples he mentioned nationalization, audiovisual media reform, the devaluations and the fifth week of paid vacation, in which connection he said: "I was, I am and I will remain in favor (of this measure). When a large part of the French population has a social advantage, one cannot refuse it to the rest."

Three Main Directions

Following this illustration of the failure of the system, Mr Giscard d'Estaing asked how French society can advance. He commented that it has changed profoundly in the course of the past 10 or 15 years, "much more than during the preceding 30," and that this development is viewed in diverse ways. Such a society, he said, demands a "new method of government." He said, more particularly, that "governing France today does not mean adapting France to the views of the government leaders, and it does not mean imposing a model of society upon it, but rather maintaining the country's capacity to adapt to future situations difficult to foresee and not entirely dependent upon it. It means examining the reality rather than applying rigid dogma. It is necessary to have confidence in French society instead of preventing it from becoming itself." He summarized this in a formula: "Governing France means directing the adaptation of French society to modern circumstances."

This new method of governing, he said, presumes three major directions. It is a question first of all of "liberating creativity. Liberalism," he explained, "is not the choice of a particular system of organization, but means returning power to the French people themselves." He suggests that "The future government should adopt symbolic decisions (in this direction) very quickly." He mentioned, in particular, elimination of the radio-television monopoly and "immediate authorization for the creation of enterprises in uselessly nationalized sectors." Next, the former chief of state went on to say, it is a matter of "organizing the historical retreat of the state." This could be reflected in the educational sector by "decentralization of the educational system," he explained, going on to add that "This withdrawal should be offset by a more modern method of accomplishing the promotional tasks of the state."

Finally, he explained, it is a question of working toward "diversified and personalized management of social progress."

The third aspect of Mr Giscard d'Estaing's considerations had to do with the contribution of the opposition to this proper advance for society. The former

president of the republic believes that the opposition should "change its attitude and method" in order to deal with its "missions," which include "being seen eventually as a credible government alternative, and maintaining social control, beginning today, by creating ideas and exerting the democratic pressures which are to some extent needed upon government action." He believes that, for the time being, "the opposition is actively playing its role in the institutions, but is not doing so completely in French society." On the other hand, he acknowledges that, while public opinion is "demobilized," it is not "unmotivated."

According to Mr Giscard d'Estaing, the opposition should "introduce a future perspective into political life, rather than letting the government corner political thinking." He expressed the belief that it is by conducting themselves in this fashion that the opposition parties and their leaders can win credibility as an alternative. He added that "This attitude will foreshadow the method of government." In this connection, Mr Giscard d'Estaing believes that the discussion of the need for a program is a false one. He explained that when the people of France demand a program, it is in order to know where they are headed, but this does not mean that it is necessary to undertake a detailed list of proposals with figures. Mr Giscard d'Estaing stressed the second task assigned to the opposition, that of "social control." He believes that the influence which can be exerted by an opposition which "manages more than a half of the departments, half of the regions and has a majority in the senate," should not be overlooked. He explained that "It is necessary to exert constant democratic pressure in order to ensure that losses are limited." He set two limits for this pressure: "The worst case policy--it is desirable for France to emerge from the current experience with the least possible damage," and "compromise with the regime."

Mr Giscard d'Estaing urged the French people not to resign themselves. He concluded by saying: "We should compensate for the increasing socialist disillusionment by means of a rise in liberal hopes."

Mr Jean-Francois Deniau, the new president of the clubs, denounced the speeches of the government as those of a "pyromaniac fireman." As did Mr Fourcade, he examined the mission of the clubs and the future of the UDF. He stressed the "traditional" role of the clubs, that of "contemplation and proposal," and expressed the view that "what must be established is another liberalism, with a social mission." Moreover, he expressed the hope that the clubs, "which are an integral part of the UDF, will be a political movement and that the candidates will adopt the UDF-clubs label for the municipal elections." He noted that the UDF "is not entirely what the French people expected," and he expressed the view that "six doctrines is too many!" (The UDF has six components). He added that "Presenting oneself as an electoral cartel does not win elections. We must consider new methods without changing the bylaws."

Mr Deniau excluded the possibility of the separation of the UDF into two wings, one liberal and the other social, and he defended a union in which the clubs would be the "watchdogs." After describing his dream of seeing Messrs Chirac,

Giscard d'Estaing and Barre in a photograph together one day, he suggested that the unity of the opposition could be sealed by a "pact of alliance guaranteeing consistency of action and completeness in reports," which would take the form of "10 commitments to the voters." He said that the conclusion of this kind of pact would allow the opposition to regain the confidence of the French people.

5157

CSO: 3519/142

PFN CONGRESS ELECTS GIRARD: CITES STRATEGY CHANGE

Paris LE MONDE in French 16 Nov 82 p 10

[Text] The fifth national congress of the New Forces Party (PFN), held on Saturday, 13 November and Sunday, 14 November, in Paris, endorsed the change in the strategy pursued by that extreme right-wing group after the failure of the efforts of its former leader, Mr Pascal Gauchon, as a candidate in the 1981 presidential election. Mr Gauchon is no longer a participant on the leadership level of the PFN, which saw a reduction in its ranks following this failure.

The new political bureau of the party has three members: Messrs Jack Marchal, Roland Helie and Roger Girard, who was elected secretary general behind closed doors on Sunday morning. These three gentlemen are among the members of the collegiate leadership of the party established provisionally after the leftist triumph in the legislative elections. The new national council of the PFN has 29 members, including the section representatives of 15 cities (Paris, Lyons, Marseilles, Strasbourg, Nantes, Bordeaux, Nancy, Toulouse, Avignon, Perpignan, Toulon, Parthenay, Valence, Aix-en-Provence, and Saint-Brieuc).

The participants in the congress--almost 200 delegates--confirmed the desirability of altering the strategy adopted by the founders of the party in 1974. In the belief that "the policy involving pushing the liberal parties toward the right has failed," they expressed their desire to reassert the identity of their group within the nationalist right wing, without isolating it from the other opposition factions. "Our goal is to contribute to the emergence of a dynamic opposition, combative against the socialist-communist regime, rather than waiting placidly for it to collapse suddenly, as the UDF [French Democratic Union] and the RPR [Rally for the Republic] are doing. The disastrous policy of the government must be combatted in radical fashion by all legal, electoral and other means."

In the municipal elections, the PFN will defend a six-point program: 1) "against the stranglehold on municipal freedoms by the state and PS [Socialist Party];" 2) "for the safety of individuals and property;" 3) "for the defense of freedom in education and the reestablishment of subsidies to free schools;" 4) "for regaining control of the houses of culture now dominated by the socialist-communist nomenclature;" 5) "for encouragement of investments, where the PMI [small and medium-sized industries] and PME [small and medium-sized

businesses] are concerned, since they are the keystones of economic and local life;" and 6) "against votes for immigrants in the local elections."

Details on this program will be provided shortly.

At the conclusion of the work of the congress, the new party leader, Mr Girard, said, among other things: "We were the only ones to say that the 'advanced' liberalism of Giscard d'Estaing would lead in the long run to the success of our opponents, the socialist-communists. We were wrong to be right too soon... Above all, let no one talk to us about the center ever again... We will refuse any political support to a political party which would claim adherence to the center or to advanced liberalism. Now our party must turn toward specific action, and not toward a return to outdated doctrine. We do not want members who ceaselessly go over and over their disappointments. We want members who bring new ideas, above all for the youth... Let us be the heirs and the defenders of the indispensable traditions and moral values of the West. We will maintain and reestablish the great traditions, for we are the determined opponents of the intellectual and moral decadence which is ruining our nation."

Profile of Girard

Mr Roger Girard, 37 years of age and head of a business, has been a member of the PFN since 1975. As a candidate in the March 1979 elections in the canton of Rennes-I, he won 208 out of the 4,763 votes cast.

Since the month of February, Mr Girard has served as the spokesman for the PFN.

Profile of Helie

Mr Roland Helie, 24, a company director and a member of the PFN since 1974, directed the presidential election campaign of Mr Pascal Gauchon in 1981.

Profile of Marchal

Mr Jack Marchal, 36, a journalist and a member of the PFN since it was created, is the editor of the publication POUR UN ORDRE NOUVEAU.

5157

CSO: 3519/142

ROCARD ON DOMESTIC, FOREIGN MARKET; LABOR RIGHTS, BENEFITS

Paris REVOLUTION in French 5 Nov 82 pp 58-62

[Interview with Michel Rocard, minister of state for economic planning and development, by J. Cramaix and G. Wasserman; date not given]

[Excerpts] [Question] There is a great deal of foreign pressure right now. In the planning orientation document, the development of exports seems the only way to relieve that pressure and nothing is said about winning back the domestic market, which we see as a more reasonable objective.

[Answer] The two are inseparable because for most products, with the noteworthy exception of farm products, the domestic and international market is essentially the same thing.

There are no more tariffs; products circulate. Pricing means that there is no technical difference between them. The only real difference between the domestic and international market for most products traded is the cost of transport. When one sells far away, there is no other decisive criterion. In other words, removing foreign restraints is one of the keys to our autonomy -- that is, ensuring France's right to choose its own destiny, for when one depends on others, one is only following the policy dictated by the bankers. That is an intolerable idea.

That is why it is very important for the chief of state and leftist parties, within the parliamentary majority and in the government, to have made this will for national independence very important. The concrete expression of it is that with regard to the balance of payments, there is first of all the item of energy, in which area we must seek both energy conservation and greater national energy production. This poses the problem of our massive efforts to conserve energy. We also need more new alternative forms of energy. Finally, we must get the most out of coal, while realizing that national coal has become a very expensive type of energy, which poses a crucial problem.

[Question] Are the other forms of energy expensive also?

[Answer] Yes, they are, but in varying degrees. At the present time, the least expensive type to produce is nuclear energy. This allows us to have an orientation aimed at relieving our balance of payments and therefore, expanding our autonomy. However, we must also look to the indispensable

adaptation of our joint agricultural policy because while our country remains a big net exporter of farm and agricultural-food products, we see that on the one hand, our exports outside the EEC are increasingly difficult because of the greater competition and, on the other hand, that there is now a certain number of imports (manioc, grain by-products, and so on) that come into the EEC outside the conventional regulations. The balance remains very positive but there is a clear trend toward stagnation and we must therefore be aware of it right now.

Then there is the problem of technical competition for industrial products. There are cases in which the national market is enough and where it is reasonable, technically speaking, to have industrial activities that limit their aims to the national market. But take an industry such as the shoe industry. We have a market to win back. It is absolutely necessary, but at the same time, no shoe manufacturer will refrain from exporting. In the final analysis, the well-being of his business presumes that he gains in performance both on the domestic and foreign market. Furthermore, you have a certain number of industries whose technological nature and the necessary size, because of that nature, means that they can work only within the context of a world market. The space industry, for example, is already international with respect to production. Even Ariane has no future unless the world is interested in the purchase of satellite programs. For our industries of the future, it is increasingly clear that the domestic market is not adequate. Look at the shipyards: The French fleet is slow to buy new equipment and consequently, only exports will guarantee employment. In other words, in most cases, speaking of winning back the domestic market has meaning only if one understands that it is the same thing as the world market and that our economy must be competitive on both. I would not make any exception except for a few specific cases in which we can be more strict: public contracts, for example. In a number of cases, we can in fact ask businesses how and why a given subcontracted product is made abroad rather than in France. There one can bring in taxation. But there are certain limits because of the fact that we are signatories of the Rome Treaty and members of GATT. Consequently, we do not have the right to set up tariffs everywhere. In addition, we would probably have as much to lose as to gain, if not more, because one out of every three French workers in industry is working for exports. That is probably more than the number of workers in France who see their jobs threatened by dangerous imports. There are some, naturally, but not as many. In other words, winning back the domestic market is necessary, but the means are just as important as the objective.

Objectives

[Question] That nevertheless poses the problem of production and investment objectives.

[Answer] These problems have to do with machine tools, for example, or textiles. Take the machine tool, a very typical case. We import most of them and are truly in a very difficult situation. In this sector, we must therefore win back our domestic market, without any doubt. But there is not a single area of machine tools in which enterprises could survive if they served

only the French market. The objective set by the government in drafting the Ninth Plan cannot be confined to winning back the domestic market. Actually, markets are not separated from one another and in order to get businesses on a proper level of performance, one must realize that they will have broader activity.

[Question] Let us move on to another question. Confronted with the crisis and unemployment, you expressed the idea a few months ago that there was excessive social protection in France. You also came out for sharing work and income. Would it not be better to look to greater growth in order to meet our needs?

[Answer] Yes, absolutely, but one must be able to do so. I have never said that our social protection was excessive; it is never excessive. I am the mayor of a commune in the suburbs and I can tell you that I am acquainted with the difficulties of immigrant or French workers whose living conditions are painful, whose purchasing power is low, who can scarcely make ends meet. We, the elected officials of the left, know that real poverty exists. One must not forget it, but beyond that, there is also the financial aspect, the lack of wealth for many families. All this is undeniable and, in fact, social protection is therefore not adequate. We must call a spade a spade. But my question therefore becomes: Can one pay? No one would for a minute imagine printing more paper money to finance the Social Security deficits and we are therefore forced to finance what we can. Here, one runs up against many problems. The first is our health expenditures, which are increasing in volume from 4.5 to 6 percent a year, much more rapidly than the rate of domestic production. Is that necessary? Can we not try to find means of caring for ourselves that are as good but less expensive? You know very well that many patients now have the idea that they are not well cared for unless the doctor gives them prescriptions for a number of drugs. Likewise, hospitalization is expensive. For very serious illnesses and accidents, we have no other choice. But with our senior citizens, can we not, when there are no serious medical problems, encourage more at-home care, which presumes not only a policy of medical care at home, but household help? If we succeeded in doing so, we would probably save on hospital costs, without losing any quality of care and while making great improvements in the psychological well-being of our older citizens. It is worthwhile to seek such solutions. When health expenses go up 5 percent a year and when our production increases only by about 1 percent, as it does presently, everyone can understand that the system is going to fall apart somewhere, obviously. The first priority is therefore to provide the same quality care but at a lower cost. Next, we must achieve faster growth. That is the goal of the Ninth Plan. When President Francois Mitterrand was elected, we inherited an economic crisis and a certain policy that preceded us. I derive no pleasure from explaining these things that confine us and hold us back, but the mechanics of the situation are as follows: Since we import too much, as we were saying, when there is surplus growth in France compared with other countries, our imports grow along with our needs. In other words, our growth is greater than our growth in exports. The foreign deficit increases and we have to go into debt with the risk of having one day to abide by the conditions set by the banks.

[Question] Whence the need for winning back the domestic market?

[Answer] When the need, among other things, to win back the domestic market and solve our balance of payments problem. This situation is responsible for what has happened this year. With the interim plan, we began to stimulate modest growth based on the more than proportional increase in the SMIC [Inter-occupational Minimum Growth Wage] and the increase in a certain number of social benefits. However, that alone, while others were declining -- that is, as economic activity declined everywhere around us -- resulted in a deficit in the trade balance which we can no longer sustain without grave risk to the pursuit of change.

One thus comes back to the balance of payments question and therefore, the reconquest of the domestic market, as the necessary condition for regaining the means for growth thanks to which one could continue to move forward in the organization of our social protection. But for the time being, one is forced to note the fact that one cannot pay for everything.

Regrets?

[Question] Listening to you, one has the feeling that you are expressing something like regret with regard to certain measures taken during the first 16 months of the leftist government.

[Answer] Regret? Certainly not, but all long-distance runners -- and I have done cross country -- will tell you that there is one fundamental thing, which is the rhythm of the race. When one has a long way to go, you must not wear yourself out in the beginning. This is also true for other competitors. It is extremely rare for the winner to have been in the lead from the very beginning. Now then, the current state of our balance of payments puts us in a situation that might become dangerous to national independence.

Mr Jobert reports to us month by month on the figures and if we do not rapidly correct the trend, our margin of national independence will deteriorate. When one borrows abroad, the loans are made on certain conditions. They are not political conditions, strictly speaking, but they mean: "Check your demand and be in a position to pay us back." We would then be the prisoner of the idea our bankers have of what we must do to be in a position to pay them back. One then has the whole problem of negotiating with the banks. I have therefore occasionally thought that we tried to take the lead and have somewhat run out of breath. I believe that this is the simplest and most real explanation that one can give of what has been done and of what I have thought of it personally. The word "regret" does not fit the situation. Furthermore, after 25 years under a conservative government, you can understand the legitimate pressures brought to bear by people who are not well off, people in the labor world, who cannot make ends meet. These expectations explain why we have increased purchasing power, housing allocations, family appropriations, the minimum old-age pension, for all this has been done. The pressure was not only legitimate; it was strong and how were we to say: "You are right, but we cannot help you"?

[Question] You demonstrate a fair willingness to understand employers, especially in your speech establishing the planning commission. Does that

solicitude not involve a risk of forgetting that most of the 10 May voters were workers and that excessive concessions to employers might increase their disappointment?

[Answer] I have always been a wage earner, all my life. I came to socialism because a certain number of injustices angered me. They were not only monetary injustices, but permanent attacks on the dignity of workers under certain operating conditions in companies.

Solicitude toward employers is therefore not my major concern.

But the condition that we must fulfill, we leftist leaders, is first of all being able to keep our promises. When one attributes importance to the people's hopes, one has to be able to satisfy them and there are rules for doing so. We perhaps have our weaknesses. And I would take the liberty, in answering you, to criticize the way in which you question me. I would tell you very frankly: I do not give a hang about the owners; what is important is the companies. Is it not a mistake we on the left make -- I mean, not only the government, but all leftist forces, both political and union -- in being too quick to confuse employers and enterprises? The owners and wealthy social classes do have privileges and get along. The enterprises are production tools and have operating problems, financial difficulties. One must not mix the two. To get to the end of your question, I not only recognize, but proclaim loudly that the situation of the enterprises does concern us greatly.

In the case of the very big companies, one can see quite clearly, first of all because there was an important wave of nationalizations that clarifies things. They are enterprises serving all of society. But even in the case of most private enterprises, capital is distributed among the public. The government of the enterprise is actually made up of wage earners. Basically, shareholders are less and less technically present on boards of directors. The pressure is exerted in other ways, believe me. When one is in the government, with economic responsibilities, one feels that and understands it.

[Question] But there are groups of big shareholders, as shown by a recent study by the CERC [expansion unknown].

[Answer] There are big shareholders, naturally. I did not say that that had disappeared, but we are no longer at the end of the 19th century, when the big companies were nothing but family dynasties. Obviously, we still have the Michelin family, which has direct control over the company, but it must be one of the few.

The problem is more delicate for average and even small units, where the enterprise and the owner are almost the same thing. I think it is very important that we, the government of the left, be able to confirm to the workers that we have made a choice of social alliance, but that the solution of our problem depends on proper treatment of company problems. We must gradually understand one another. You know, we are all the children of a long history which, incidentally, began well before 1920. There is a shared paternity of socialism. I believe that one can say, without offending the traditions we

have, that the reflection of French socialism is much more aimed at the redistribution of wealth than the art and way of producing it. We therefore have to pay for that, especially with misunderstandings between us when, because of the government's burdens, we become responsible for production conditions.

[Question] Obviously, an enterprise must be profitable. But should it not also have social effectiveness and be managed for men? Should we not, as Philippe Herzog proposed to the planning commission, move toward the search for new management criteria for new effectiveness?

[Answer] I am basically in agreement on the orientation of that question, but you must distinguish between three sectors. The public sector, first of all: The government is in the process of drawing up a law on democratization of the public sector which will give a new chance to the representation of workers, enable them to be better informed, to exert pressure in a more effective and better informed way on decisions, so as to be sure that the enterprise is theirs because it is nationalized. A whole movement has begun and will be accompanied by an important legislative phase and that must not be halted.

In the private sector, the trade union organizations have their traditions and basically rely on the law when the law is there. But they know that the real victories have to be hard fought, that after all, the law can only be the expression of a ratio of forces.

For some years, more specifically, since May 1968 -- which already reflected the trend -- what has been negotiated in French enterprises is no longer simply the level of wages, money or time, but rather, working conditions, the rights of expression of the workers. That is totally in keeping with what I want.

There is a third sector that must not be forgotten: the sector of the social economy. As soon as the government took office, the prime minister asked me to propose and submit to the government any measure involving the development of the social economy. What is the social economy? It is essentially the mutual aid societies, cooperatives, certain associations not seeking to make a profit (in the fields of health, tourism, sports).

It is also the powerful enterprise committees, which are nonprofit enterprises that render services (travel, culture and vacations) to their members. We thus have a sector made up of nearly a million workers in France, a sector in which we are gradually learning to produce together under democratic conditions of exercising power. I would thus not conceal the fact -- and I am especially anxious to emphasize to REVOLUTION -- that I hope to succeed in giving that sector great vigor, or at least, enough vigor so that even beyond the proper operation of the public sector, the sector of the social economy -- which, beyond the big mutual aid societies, is made up of small and medium-size enterprises -- will also be an example and a rival. If it succeeds, which is sometimes the case, in demonstrating better performance in the field and better commercial results, with more democratic management than the traditional owners, then that competition is healthy and holds hope for the future.

[Question] When you speak of limitations affecting France, you rarely bring up the possibilities for intervention of the social movement and its future capacity for modifying such limitations. One therefore wishes to ask you whether this is not a rather statist approach.

[Answer] How can you even say that to me, an old regionalist and a self-management socialist! That is the height!

[Question] I shall complete the question. Should the workers not have more power in the enterprises in deciding on investments, in overseeing government aid, in seeing how the added value will be used in the enterprise?

[Answer] Yes, but the constant experience of the workers movement is that power cannot be granted; rather, it is taken. I do not believe that my friend Henri Krasucki would contradict me on this point. By way of example, or even as a burning memory, one might evoke the famous order of 1945, co-signed by Charles de Gaulle and Maurice Thorez, an order creating the enterprise committees. You are surely acquainted with the text and you know well that nearly half of the powers it conferred on the workers movement remained a dead letter. The most burning issue was the administration of social works. But all access to economic information -- that order went very far -- is now by and large null and void. Why? The text was somewhat ahead of the collective awareness and the reality of the confrontation of classes.

Today, the greatest victories of the wage-earning world are those now coming about with respect to health and safety conditions, the speed of work, specific working conditions. This authority of worker representation is gradually taking root as it becomes competent. No one would think of risking destroying the enterprises out of irresponsibility. It is this process which the current government intends to encourage, but it does not intend to do so by the law. It is a process of class struggle in the historic sense of the term, without a doubt, and it is therefore also a process of apprenticeship. One must not expect the law to get too far ahead of it.

[Question] Let us get back to your concept of self-management. It may have appeared in the past as a desire, not always unfounded, to give priority in society to certain, let us say, rank-and-file functions compared with those at the top.

[Answer] True.

[Question] But one now has the feeling that you no longer refer to that concept of self-management. Why?

[Answer] For a very simple reason: I refer to it all the time without using the word, or while using it little because it is complicated. Here also, we have to pay for the time which the entire French labor movement -- political elements, and they are diverse, trade union elements, diverse also -- spent seeking (without always finding) an agreement on self-management. For those organizations that have taken this perspective, the interpretations are no longer the same. Furthermore, it is a word that is not always very meaningful

for the French. In truth, in our conduct in government and in my own, we move into practice. For my part, I want any political process of decentralization to give more responsibility to local elected officials, to the communes, to the departments, real responsibilities of economic development to the regions, which will become assemblies elected by direct universal suffrage in the regions. All of this is part of the self-management process. This points up the responsibilities of the people and gives the rank and file more informed, more active supervision which will, I hope, therefore be more effective. Likewise, this would give more vigor to the social economy sector. I would remind you that there were 36,000 workers in the workers production cooperatives on 10 May 1981 and that there are now an additional 3,600 jobs in that sector. In other words, in the general mess caused by unemployment, there is at least one sector that is progressing. That is very little, which is why it must be rapidly expanded, but it is a sector that is learning management with direct democracy. In a way, it is another level on which we are trying to move toward self-management. I believe that the laws (known by the name of the minister who drafted them, the Auroux Laws, although it was the entire government which passed them) on the new rights of the workers will also be a phase moving toward self-management. In order to get people out of difficulty, I think concrete steps must be taken. Who was it that said, "Be one step ahead of the masses, but not two!"? Lenin, right? We are in the government and we do not have the right to use vague words, but be assured that the approach remains that of self-management.

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CSO: 3519/135

KRASUCKI ON UNION, GOVERNMENT, EMPLOYER ACTIONS

Paris REVOLUTION in French 12-18 Nov 82 pp 58-62

[Interview with Henri Krasucki by Danielle Bleitrach and Dorothee Vion;
date and place not specified]

[Text] [Question] The 41st CGT congress took place in June 1982. REVOLUTION wanted to review with you the fundamental questions taken up by that congress, not only because it seems to us destined to become a landmark, but also to throw more light on the position the CGT intends to take today in the context of what is called "change."

[Answer] I entirely agree. If the 41st congress is a landmark congress, that is because it is engaged, on the basis of experience, in an overall analysis which will show us what course our action should take in a new situation. The CGT is a component of the workers' movement and, more broadly, a part of the sum of forces engaged in a process of societal reform. It must have its autonomous thought corresponding to its nature as a trade union organization defending workers' interests, but also contributing to definition of the role to be played by the working class in transforming society. It must assume its responsibilities as a trade union organization enjoying the confidence of a majority of workers by making a clear analysis of the situation.

[Question] That situation is a change of governmental majority?

[Answer] Yes, but not only that. There is the crisis which has lasted for so many years: an economic, but also a societal crisis, a crisis of the capitalist regime. Capitalism has had its day. It had a great role in history. At heavy cost to the workers, it brought France and the world from their former state to the present stage of production, of science. It did all that, and now it is undoing it. We live in an age marked by the fundamental contradiction that extraordinary possibilities exist for transforming life, while capitalist society is blocked in all respects.

From its foundation the CGT adopted as one of its objectives "abolition of employing and wage-earning classes." In the language of the time that meant

the socialist transformation of society and abolition of capitalist exploitation. Now this crisis poses as a present problem the transformation of French society: for us, that of passage to socialism.

Question In relation to those major and fundamental objectives, does not the accession of the Left to power pose new questions?

Answer Absolutely. The congress was held a year after the coming to power of a leftist government with Socialist and Communist ministers on the basis of a political agreement, of an alliance founded on the result of the elections.

Quite naturally, CGT workers and militants ask themselves the question: "Is it possible under those conditions?" We are obligated to provide an answer.

Question Precisely. What, then, do you answer when they ask: "Is it possible?"

Answer We have taken into account a number of realities:

The 1981 vote necessarily reflects a mass phenomenon: to go beyond Fifth Republic institutions, designed to perpetuate the power of the Right, something on the order of a landslide was needed, but it was one of rejection, and is ambiguous. People know what they no longer want, but have very different ideas of what should be done. Not only are the groups which make up the new majority different, but differences exist also in peoples' minds, including those of workers.

The government is acting on the basis of a political agreement which itself results from what voters wanted; it is engaged in considerable transformations which, like the nationalizations and the new rights, strike a very heavy blow at capital and its dominance. But capital is still very powerful, and the class struggle did not stop on election night. The forces of capital have suffered a blow, but they are reacting with all the more vigor since they feel threatened in their position as dominant class;

There is the crisis of capitalism in France; there is the international environment: the Common Market, which we have opposed, but which must be taken into account; there is the Atlantic alliance.

In addition, even among the forces which say they want change, there are those who want to settle for mere crisis management by the Left, and do not accept the existence of a government in which Socialist and Communist ministers cooperate for another policy. They are pulling backward.

That is the situation: to succeed we must never take wishes for realities. Things must be seen as they are, and everyone must see himself as he is. To sum up, we conclude: "And yet it is possible--difficult but possible. The workers must seize that possibility."

[Question] You set forth only obstacles. What then justifies that essential answer so clearly seen today to dictate your whole mode of action?

[Answer] It is what we have called the formidable social pressure acting on everyone: the massive rejection of the past and the set of conditions in which society finds itself. In a word, any policy which confined itself to repeating what was done by Giscard, Chirac, Barre, or our neighbor Schmidt would produce the same results: continuing catastrophic industrial decline, unending growth of unemployment, decline of living standards, shrinking of liberties, and sharp confrontations. For those whom the voters have put in office to direct a government of the Left, that would be a severe reverse. That is not a hypothesis, but a statement of fact. To obtain a different result, something else necessarily must be done. At the heart of all this lies a central question: that of means. When we were in opposition it was at the center of debate. Today it is posed in terms of concrete action: "With what resources must we provide ourselves to carry out announced reforms: to finance our industrial policy and social expenditures--to see to it that the new politics meets the needs of workers? From where and from whom are those resources to be taken?" Enough must be taken, and from where they are. Enough because inadequate measures have no effect, unless it be to produce discontent. Do we seek popular support, or perplexity and distress?

In various fields, forward steps must be taken to bring progressive solutions of economic problems and improvement of social conditions. If not, we obtain the same result as others, and are back at the starting point. That is the obstacle in the situation, seen by correctly assessing the weight of difficulties: of actions by capital and forces of reaction, and of external pressures; and by recognizing existing frailties, knowing those who pull backward in the forces of the new majority, and realizing the diversity of this movement. An absolute obligation rests on the workers: to act with their eyes open, and to become the agents of their own destiny, for all will depend on the weight brought to bear by the world of workers.

[Question] When you are asked: "If the government does not do this or that, will you go on strike?" you answer: "You are asking an outdated question." What does that mean?

[Answer] It comes back to asking this question: what forms does union action by the mass of workers take today? One thing remains constant: as a trade union organization we defend the economic and social interests of workers. What is the effective way to do that? There are new fields, possibilities which did not formerly exist.

The employer class has suffered a blow: it has lost the direct exercise of political power. It has kept powerful forces in the economy. It is deeply implanted in the machinery of the state apparatus, but the nationalizations have weakened its positions; there are new workers' rights. A new balance of forces has emerged, fragile but more favorable, of which there is not enough awareness.

Workers can take advantage of their freedoms and rights in order to establish new relationships with enterprises and solve many problems, including those present in a great many enterprises where it was not possible to have any union, but now is possible. What happened at Citroen and Talbot is a symbol: that of a new balance of forces in which workers--be they immigrants or French, factory hands or managers, men or women--can regain their dignity. The first role of trade union action is to allow workers to function as an independent force to defend their rights and interests. That is an element of democracy.

Question In that case the government took the workers' side. But if the government freezes wages, and considers freeing them with a growth rate of about 8 percent, while prices rise by at least 10 percent, are not workers then confronted by a balance of forces in which employers have the government with them?

Answer No. One element of the new situation is that that bloc no longer exists, even though there can be slippages calling for counteraction.

Perhaps it would be easier to start with concrete facts. In the present situation some elements are positive, some negative, and some more complicated.

There is a whole gamut of reform measures underway, such as expansion of union rights, nationalization of a number of industrial and financial groups, and the start of decentralization. Those are considerable changes, even though their effects are not felt immediately.

At the same time there are problems of living which concern the worker, like purchasing power. The government is taking interesting steps against inflation. It temporarily freezes prices, which is just, but at the same time it freezes wages. That is unjustified and mistaken. The government, the prime minister, and all ministers responsible for economic matters have all said it: "Wages are not responsible for inflation."

Question But it froze them nevertheless?

Answer Yes! And yet, if wages are not the cause of inflation, it is not by freezing them that the cure will be found. Hence there is disagreement between the CGT and the government. That disagreement is clear and relates to a specific point. It was given expression from the outset. We are debating it, and we ask the workers: "And you, how do you see that? Does it suit you?" Because the problem is how 1982 will end and what 1983 will be like.

It is not possible to accept a decline in purchasing power, which would be an injustice and would make no economic sense, to say nothing of its political consequences in the minds of workers. It is literally unacceptable.

The other example is that of industry. The government announces its policy for developing French industry and reconquering the domestic market. For the CGT that is a victory. It is in a way doing us justice. For over 10 years we have devoted a large part of our trade union action and our lives as militants to combating the systematic disindustrialization of the country. We were the only trade union to do that, we and the popular support we were able to mobilize. We were thought chauvinistic, unrealistic. Our struggles made it possible to reduce the damage, and prepared the changing of minds on that question.

When the government takes measures to do those things for which we have fought, we must know how to appreciate that acceptance of realities.

That being said, other questions follow: what must be done in this or that branch of industry, or region? Must only high-technology industries be developed, while traditional industries are allowed to collapse? We do not think so. In some cases, our views and those of the government converge; in others, responses are not satisfactory.

We are aware of the problems, but when we are told without prior discussion that a certain steel plant will be closed, and when that arouses discontent among the steel workers, we say that is not possible. They must be heard, we must be heard, dialogue must be accepted; that goes for everyone, for management of nationalized enterprises, for the government.

Question You take your stand, then, according to what you judge to be positive or negative in the government's action. How does that attitude show your responsibility, your determination to contribute to the success of reforms in progress?

Answer From 1947 to 1981 the CGT faced only hostile governments, allies of the CNPF. It had to fight them to defend workers' interests. It is still a question of defending workers' interests, but in a wholly new situation. What is needed is to know how to decide concrete questions which arise. It is relatively easy to explain an overall situation by saying: "It is complicated, but possible, and implies action by the workers," and so indicate it must not be expected everything will come from on high. It is a little more difficult in real life. We must constantly keep in mind the contradictions of the situation, considering that at every step we must act, and bring our weight to bear, in the right direction. It must be asked if disagreements are really unresolvable--a situation all parties must necessarily seek to avoid. Is there not a way out? Our role is defense of workers' interests. They need that. But the government does as well. In the end, it is in the interest of the Left as a whole, of the government. There is nothing to be gained by discontenting the working world. Workers' support for an effective campaign against inflation or unemployment will not be obtained if they are justified in feeling that campaign is waged at their expense, because no true battle against inflation can be joined to the detriment of workers.

Question But on that very point, is there not discontent in the working world today--the feeling that the government, after having taken positive steps, is leaning more and more toward a policy of austerity?

Answer Actually, no door is really closed; everything can evolve. The Right presents as final everything which could discourage workers. Those on whom everything depends must not let themselves be frightened. It is in the interest of workers to become used to this situation, as it will last for some time. Forward steps are possible, though often thwarted by sidewise or even backward movements. But the original aspect of the situation is that nothing is blocked. That increases the power of trade union action and the workers' role. It is an absolute requisite for positive evolution. The great problem is for awareness of that fact to penetrate minds.

Question Does that not also make such action more difficult insofar as workers have been accustomed to fighting "against" things, whereas today they must fight at the same time "against" an employer class which multiplies obstacles, "against" negative measures by the government, and "for" the success of reforms aimed at transforming society?

Answer It also opens new fields of protest action to complement more traditional ones. For example, to our defense of purchasing power we add action against price rises and inflation. We intervene in matters of production costs, in terms of the necessity to make French enterprises produce and to promote purchase of French products, and to transform French industry to make it more competitive.

How do we do that? First by making use of new rights, for example those of worker-management committees, in that field. But it is also necessary to rouse the interest of the mass of workers in the enterprise. I think of what happened in Amiens, in a jeans factory, where initiative was able to assume a mass character.

The same thing is possible in any enterprise. What are shop councils for? They are places for discussion of everything closely affecting workers, such as pay and working conditions. But from that starting point they can also seek out the means of waging the fight against the real cause of inflation: the excessively high price of French products. In that way they more effectively defend their pay, and attack the real causes of inflation. At the same time, it is a way of putting into practice worker participation in enterprise management on a new basis.

Question New terrain means also apprenticeship on that terrain. There again I think of the 41st congress, of the concern it showed for drawing the union towards the worker base, while at the same time declaring the CGT's determination to assume all its responsibilities for the transformation of society.

[Answer] It is not simply out of taste for provocation that in the report I claimed for the CGT the primary role in worker organization. That collective modesty masks a great ambition. It is a reminder of the true nature of a trade union and a self-criticism which concerns the entire CGT. The difficult conditions of the struggle in recent years have been such that certain organizations, compelled to wage large scale battles, have somewhat tended to cut themselves off from those day-to-day concerns which are the *raison d'etre* of the union: the organization of all workers, in all the diversity of their political, philosophical, and other ideas, on the basis of their common interest as wage earners. There is also among us a continuing strong propensity to adopt the concepts and conduct of an elite union.

The idea is often spread about that it is strange, almost selfish, for some people to join a union in order to solve their personal problems related to career, promotion, or pay. But that is the very purpose of the union! Those people are right! At the congress I praised the ordinary unionist: the militant, man or woman, plain, simple, modest, one among others, who lives among his own kind, understands them, and makes himself understood by them.

The CGT is indestructible provided it is well rooted: it must maintain its roots, precisely because the present era and situation create new obligations for workers and their organization.

It cannot accomplish those great tasks unless it performs well and without letup in its humble daily tasks.

[Question] Faced with this new situation, I have often heard you say: "There is the responsibility of the government, of the other forces concerned with change; there is the responsibility of the CGT, the responsibility of the workers." At the same time you assert the need for union independence. Is that not a new way of articulating all those terms?

[Answer] The great novelty of the period is that union action still presents itself in terms of antagonism to the employer class, but in relation to the government becomes a counterweight to correct deficiencies or misapprehensions concerning social realities or workers' state of mind. There is no a priori antagonism. Disagreements can be sharp, but not as they would be with an adversary. Workers are no longer faced by the dual employer-government partnership, but they have no assurance the government will always act in accordance with their needs. That is why we will always need union action, and also why the congress stressed the need for CGT independence. It is a unique legacy of our history, and needed now more than ever. That tradition differs from almost all others existing in Europe.

International experience confirms us in that resolute choice, because although it may appear comfortable to have conformist and docile unions together with social democratic governments, with the unions accepting policies of austerity, the end result is the return of the Right to power. Or

else, in socialist countries, when unions renounce their rights--though established, when they are paralyzed--and not by their fault alone, that is reflected by blockages and even explosions, as in Poland.

It is better that a union be authentic and independent, and play its role: that is in the interest of the entire Left, as it is in that of the workers. Of course, independent does not mean irresponsible. The idea of independence is conceivable only in terms of responsibility.

If we are in disagreement with the government, we must not have a chip on our shoulder. When a problem exists we must, with the workers, find the means to express the discontent, including collective action, while realizing we are dealing with a power with which a way out must be found. When workers discuss forms of action, they must rule out none, including work stoppage. At any time, the most effective should be chosen.

I consider there is a field of action still largely unexplored: that of democracy as a means of action and as a means of solving social problems. Today, for example, on questions of wages or working conditions, on problems of freedom or of employment, there is a possibility of organizing a consultation of workers, a vote, a worker referendum in good and due form. Expression of a collective will has always been a means of action; today it is a particularly effective one since it addresses itself to a parliamentary majority which is not against workers.

In relation to employers, where there is actual antagonism, workers are in a better position than before, provided they are aware of it.

Question Is not the CGT led to revise its position on reformism? For example, in the 41st congress it showed a new interest in the cooperative and mutualist movement.

Answer With us the term "reformism" has a very precise sense: a pejorative one. It refers to a trend in the workers' union and political movement which is drawn to conciliation and even to class collaboration, and which is opposed to our own. The real difference is not over the necessity of fighting for reforms. That need the CGT has long taken into account, since it fights for everything which constitutes a means of social progress, of development of the struggle. In fact, the real difference is over the need to persevere and not stop on the way to the goal. The distinction retains all its value today, when the situation is favorable for moving forward.

But there really is something new. Although formerly there were attitudes of mistrust, the CGT certainly long ago adopted a position favorable to the cooperative and mutualist movement. But now those activities can take on an altogether different dimension. In a way, there is a revolutionary use for reforms. The reformists should take a few steps forward.

Between a sector largely nationalized and which can be further nationalized, and a private sector whose existence and utility no one today contests, there

is also room for a considerable social sector of the economy, particularly a cooperative one. This applies especially to small and medium enterprises of local, departmental, and regional interest, not only for the sake of saving those in distress, but to create others. The relevance of this sector is growing by reason of the failure of the capitalist class as a directing class, not only in large enterprises strategic for the future of the country, but also in small and medium firms.

If the bourgeoisie renounces the spirit of enterprise, if it resigns the function which characterized it in its own system, that is, the role of creating and operating enterprises, and providing employment, the workers will not sit and weep inconsolably. They must indeed find another solution. All those who today are on an investment strike must indeed know this: the spirit of enterprise is us!

[Question] Listening to you, I wonder, in view of the nature of these times and the scale of problems to be solved, if it would not be good for all political and trade union groups to reflect deeply on the new situation, on their role and responsibility. The PCF during its last congress engaged in a critical examination of what its strategy has been and what it must become. That is the role of a party. I would think it sound for every group to do likewise.

[Answer] Everyone must adapt to the new situation, starting with the allied forces engaged in the act of transformation. In a word, what is on the agenda is the possibility of a fundamental transformation of French society in the direction of a socialist France, and under conditions unlike anything foreseen by anyone, any party, or any trade union, least of all the CGT. So the right conclusions must be drawn. The more clearly and frankly, the better. Actions are of more value when they are conscious and taken as the result of open reflection before the workers and before public opinion. Everyone should take his responsibilities.

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CSO: 3519/125

ARON ON POLITICAL, ECONOMIC, DEFENSE TIES; BLOC RELATIONS

Paris POLITIQUE INTERNATIONALE in French Autumn 82 pp 29-41

[Article by Raymond Aron, honorary professor at the College of France, member of the Institute, the author, among other publications, of "La Sociologie allemande contemporaine" [Contemporary German Sociology], Alcan, 1935; "Introduction a la philosophie de l'Histoire" [Introduction to the Philosophy of History], Gallimard, 1938; "L'opium des intellectuels" [The Opium of Intellectuals], Calmann-Levy, 1955; "Paix et guerre entre les Nations" [War and Peace Among Nations], Calmann-Levy, 1961; "Les Etapes de la pensee sociologique" [The Stages of Sociological Thought], Gallimard, 1967; "Penser la guerre" [Thinking War], Clausewitz, Gallimard, 1976: "Reflections on the Development of the Interstate System"]

[Text] Experts on international affairs, especially in the United States, are fond of using the concept of a system to refer to an obvious fact: States and other historical entities, outside the national context, constitute a whole because of their interdependence. What France may and does do anywhere in Africa does not depend solely on France and the African country in question. Directly or indirectly, French policy concerning the black continent is subject to the influence of the two superpowers, their relations, their compliance or their clashes. Even more clearly, any French intervention in the Ivory Coast or in Namibia affects the feelings of black elites all across the black continent.

The interstate system is the least organized of all social systems because it does not have a controlling central body. It is hierarchical, of course, particularly since World War II. Instead of the multipolar system of the concert of Europe in the 19th century and the early years of the 20th century, the post-1945 system has commonly been called bipolar to bring out the distance between all states, on one hand, and the USSR and United States on the other; only these last two countries have a full panoply ranging from nuclear weapons of megaton force to primitive and sophisticated individual weapons; they alone are capable of projecting their military might to any part of the planet.

In recent years, two issues have been the subject of commentary or controversy: Has the system changed during the past decade? Are the changes within the system itself? Or have the changes been so numerous and profound that the

system no longer seems the same? The answer to this first question determines, at least partially, the answer to a second question: Do the 1980's promise to be so dangerous that a great war, one that would involve the two superpowers, is no longer "unthinkable"?

Let us review the most salient features of the interstate system, as we observed them 30 years ago. Today as yesterday, the system covers the entire planet. Neither Africa nor Southeast Asia nor Central America, each by itself, constitutes a closed or self-sufficient system. The Saharan war involves Algeria and Morocco as belligerents, one via an intermediary and the other directly. The arms come from the Soviet side, on one hand, and from France and the United States on the other. When the minister of foreign affairs argues against making the revolts of Central American peoples part of the East-West conflict, he is expressing a reasonable but impossible wish: Castroism, which represents Sovietism in the region, is arming or training some Central American revolutionaries. The victory of the Sandinists cannot be reduced to the elimination of the despotism of one family, the Somozas: It will perhaps lead to consequences that will in turn occupy a place in world history.

The two features most immediately visible following the war--expansion of the interstate system to the entire planet and the concentration of superior weaponry between two states--still exist. The expression "bipolar planetary system" is still as true in 1982 as in 1950. The two states continue to occupy the first two places in the hierarchy of military powers. Similarly, they also continue to embody rival, incompatible ideologies. Thus their rivalry or their hostility emerges as much within other states as in their own relations. The system therefore retains its heterogeneity, which accentuates the overall character of diplomacy. Each state acts or strives to act not only on states, but also on peoples. Most of the embassies of the great industrialized countries have a scientific adviser, as though to signify or symbolize that the communication of knowledge belongs to the domain of diplomacy.

Then where is the origin of the changes of which everyone is aware? They derive, first of all, from the change in the ratio of forces between the two superpowers; secondly, they stem from the change in relations between the superpowers and their allies. Finally, they are due to the increased autonomy of subsystems--or even the rise of anarchy, which is inherent in the interstate system.

The representation of a bipolar system has been suggested by the spectacle of Europe: the two alliances confronting each other in the middle of the former Reich's territory, with the division of the capital itself symbolizing the division of the continent, if not of the world. Territorially, nothing has happened since 1945--perhaps we should say since 1948, marked by Tito's dissidence. The lines of demarkation between the zones of occupation, laid out during the war by ambassadors, disappeared in the West with the formation of the Federal Republic of Germany; the line between the Soviet zone and the Western zones is still intact.

Does the Soviet Union today dominate the countries of Eastern Europe differently than it did 35 years ago? A definite change, at least in style and procedure, occurred right after Stalin's death. The start of liberalization (in keeping

with Tocqueville's law) led to a revolution in Hungary, cruelly suppressed by Soviet troops, and a revolt of the party itself in Poland, which ended with an agreement between Gomulka and the Moscow leaders, who went to Warsaw. Since then, the Prague Spring and the Solidarity trade union in Poland reveal the permanence of a moral resistance to the established, but imposed from outside, regime. The various regimes are adapting more or less to the constraint. Hungary, after the ordeal of 1956, is enjoying preferential treatment. The severity of the Czech normalization has not abated.

The refusal of Eastern Europeans to be converted to the communist faith is equivalent to a defeat of the Soviet Union on an historical scale. Perhaps it will eventually lead to properly political consequences. On the 1990 horizon, it does not appear that the men of the Kremlin dread the hostility of the Poles or Hungarians at the time of a crisis. In fact, the national armies in the East are tightly integrated into the Warsaw Pact's military organization. High-ranking officers have been trained in Soviet institutes and weapons come from "Big Brother"; stores of munitions are carefully limited. In Helsinki, Westerners accepted "the consequences of the last war," in other words, the territorial status dictated by Soviet troops (the annexations of German, Polish and Romanian territory, including the formation of two German states). This territorial status has not changed in recent years, but since 1974 it has been, as it were, recognized; and such recognition has, in a way, served as a substitute for the never-concluded peace treaty between the 1941-45 belligerents.

In the West, the Atlantic Alliance survives with one change, whose military and political significance is still misunderstood today: France withdrew from the NATO integrated command. Quite often, journalists--even statesmen--incorrectly say that France withdrew from NATO. But NATO is not limited to the inter-allied general staff, which is under the command of a U.S. general; it also includes civilian services in which the French continue to participate. The withdrawal of France from the unified command does not preclude cooperation between the military leaders of our armed forces and those of the alliance. In the eyes of our leaders, regardless of their views, it has the advantage of leaving them responsible for making decisions, perhaps tragic ones, in the event of a crisis. The First Army is still stationed in the FRG, but it does not control a front-line sector. The president still has, at least in theory, the freedom to interpret the obligations of the treaty on the basis of circumstances. Nevertheless, it is conceivable that if hostilities broke out in Central Europe, France would have some difficulty remaining neutral. The most important thing is not the freedom of action (perhaps illusory) to which the French are attached, but the lack of room for the German-American armed forces. A nonnuclear war in Europe between the Soviet armed forces and those of the Atlantic Alliance could not last if the latter forces did not have, at least for their logistics, French territory. Moreover, even in peacetime, the NATO general staff encounters logistical problems resulting from the closure of ports and lines of communication running through France.

But the major change does not involve the structure of either side: It has to do with the relationship between the sides. Questioning the value of U.S. deterrence did not occur just yesterday. It aroused passions as early as 1961 when J. F. Kennedy arrived in the White House, surrounded by men from Harvard,

MIT [Massachusetts Institute of Technology] and the Rand Corporation, and rejected the doctrine of massive retaliation in order to teach the Europeans the subtleties of nuclear strategy and the merits of flexible response. The Europeans immediately interpreted this revision of doctrine as a withdrawal from the previous doctrine.

The controversy, already passionate a quarter-century ago, died down. Not that the Europeans were entirely convinced by the arguments of the American analysts, but would a different doctrine be more credible in itself? Since the nuclear threat was becoming bilateral, its use became rather unlikely when brandished against an aggressor using only conventional weapons or not attacking the territory itself of the deterrent power. The Europeans became accustomed to this uncertain security during the 15 years following the institution of the flexible response doctrine. But during the last 5 years, the debate has resumed, more bitter than in the early 1960's.

The major causes of this new controversy fall into several categories. The first, which everyone knows or keeps silent about, is due to the change in the ratio of strategic nuclear forces between the two superpowers. At the time of the Cuban crisis, the United States had 4 or 5 times more long-range missiles than the Soviet Union. Strategically, U.S. superiority increased as it ascended the scale of violence (or perhaps it should be called the scale of weaponry). The threat of such ascension, an essential feature of the flexible response doctrine, actually derives its plausibility from the increase in U.S. superiority in proportion to ascension toward extremes. But this U.S. superiority has disappeared; in certain areas (tactical nuclear weapons), it has been reversed. Consciously or not, the Europeans feel less assured of U.S. protection.

The debate in the 1960's, during J. F. Kennedy's time, involved only a small minority of "experts": statesmen, politicians, journalists, etc. The Europeans, in the FRG in particular, had confidence in the Americans. The French, to justify the creation of a strategic nuclear force, maintained that U.S. deterrence was no longer or would no longer remain credible. The doubts did not shake the deep-seated confidence of the Europeans. The case is not the same today. Pacifism, neutralism, the rejection of nuclear weapons, these feelings do not all derive from the lack of confidence in the value of the American guarantee; but they are not, however, unrelated to it.

In any case, these feelings, regardless of their underlying roots, now constitute a significant fact of East-West relations. To meet the challenge of the new Soviet weapons, i.e., the SS-20's (intermediate-range missiles aimed at Western Europe), the Americans have proposed the deployment of 107 Pershing II missiles and several hundred Cruise missiles on the soil of the Old Continent, in principle to "balance" the 300 SS-20's, each of which contains 3 nuclear warheads with a different trajectory. The word balance, used by statesmen, has hardly any meaning in such a case. Strategically, these Euromissiles have a "coupling" function: They tighten the ties between the European theater and the main safety net. Abandoning jargon for more colloquial language, let us say that the presence, on European soil, of missiles capable of reaching Soviet soil firmly establishes the U.S. commitment. A possible Soviet attack could not ignore these Euromissiles; it could not eliminate them without challenging the Americans and increasing the risk of a nuclear war in which the United States would be involved.

This U.S. initiative, also prompted by a request of the German chancellor several years earlier, has become the subject of controversy in European countries and between them and the United States. And all that is necessary is for R. Reagan, in answer to a reporter's question, to mention the hypothesis of a "limited nuclear war" for the head of the White House to become immediately suspected of preparing for such a war, in which Europe would simultaneously be the theater and the victim. But it is not a question of waging a nuclear war, regardless of what kind, but of reinforcing deterrence by considering all possibilities.

It is obvious that the structure of the interstate system would change radically if the Atlantic Alliance, in other words, protection of the rimland, of the margins of the Eurasian land mass, were no longer assured by the United States, an insular and naval power. The change in the ratio of forces between the superpowers and the change in diplomatic and moral relations between the Europeans and the United States are therefore weakening, for the present, Atlantic cohesion. It would not be any less false to say that such cohesion does not exist and that the Europeans fear U.S. protection as much as Soviet aggression. The truth is that Western Europeans want to simultaneously enjoy U.S. protection and trade with the Soviet world in a climate of detente.

The economic crisis is aggravating the tensions between the Atlantic Alliance's partners. Some of these tensions are circumstantial (for example, in 1982, European reactions to high interest rates in the United States, a further cause of the world recession). But political and diplomatic tensions run the risk of lasting many years. The Americans do not readily accept the current division of labor: defense for them, detente for the Europeans. Let us say that a zone of detente remains on the Old Continent, whereas East-West rivalry has not abated in the rest of the world.

The interstate system has never been comprised of two blocs, one Soviet and the other American. This simplified representation has been applied, and is still being applied to a certain extent, to the European situation. Subsystems also exist in which the states are as much concerned about their regional disputes as about the repercussions of their agreements or disputes on the East-West relationship. Moreover, the economic demands of the Third World are addressed exclusively to Westerners because the Soviets appear to be a military but not an economic giant.

Several changes immediately come to mind. The East-West rivalry is expanding more and more over the entire world. In 1947 or 1948, the Soviet Union, a continental power, was not yet projecting its might to every continent. The first inroads into the realm of world politics, the sale of arms to the Middle East, the construction of the Aswan Dam, led to the Suez crisis and put an end to the notion of a private hunting reserve in that region. It is tempting to say that there are no longer any private hunting reserves anywhere, at least not for the West.

The United States, alone or with the compliance of the Soviet Union, is incapable of safeguarding whatever order, whether in the Middle East or in Latin America. In this regard, the two Iran-Iraq and Great Britain-Argentina wars

symbolize the growing anarchy of the interstate system. President Saddam Hussein wrongly believed that Iran, torn by a religious revolution, would be an easy prey. He would then impose--he thought--a revision of the 1975 border treaty, concluded at a time when he was in a weak position, and perhaps he would bring about the fall of the Khomeyni regime. We know that events have thwarted this scheme. The Khomeyni regime emerged strengthened by victory, while Saddam Hussein's government has been weakened by defeat.

The attitude of the two superpowers is striking. Neither tried to act as mediator or peacemaker. Neither explicitly sided with either belligerent. Israel sold arms and spare parts to Iran with the approval of the United States. The Soviet Union, through the Tudeh Party, backed the Khomeyni regime without, however, compromising itself with a dramatic rapprochement with a religious revolution.

The affair of the Malvinas (Falkland) Islands, although it dates far into the past, takes on an otherwise paradoxical character. After all, the conflict between the Persians, who have become Shi'ites, and the Arabs of Baghdad is not without its historical claim to fame. The Argentines, it is true, have never accepted British sovereignty over the Malvinas Islands, but in the last century and until World War I, they had close ties with Great Britain, which invested heavily in the country; it was British money that was used to build railroads and ports. A year earlier, no one would have imagined the military operations in the spring of 1982. All commentators have pointed out the domestic policy reasons which led the Argentine junta to carry out the surprise military attack. The fact remains that the United States no longer has the moral or political authority necessary to impose a compromise: Although the secretary of state negotiated the terms for an Argentine presence in Central America with the Buenos Aires leaders, after vain attempts he had to side with Great Britain at the risk of stirring up even more anti-yankee hostility.

In the Middle East, the Arab states, some of which are called moderates and others extremists, are all against Israel. But outside this common enmity, they sometimes continue old disputes (Iraq-Syria); they sometimes detest Israel more than they fear Sovietism; finally, sometimes it is the USSR which is the primary object of their hostility (I am talking about the leaders, not the masses). Perhaps the outcome of the rivalry between East and West will be determined in the final analysis by events between and within the states of the Middle East, Southeast Asia or southern Africa. The East-West confrontation is rarely direct and the result of these clashes is quite often uncertain.

Is it possible, from these disorganized observations, to draw a conclusion about the system's development? Increasing anarchy, to be sure; potential ubiquity of the Soviet Union, comparable to that of the United States during the quarter-century of its hegemony; a growing number of states which do not behave in terms of the East-West rivalry and disputes which the two superpowers observe without expressing their preference for either side. Perhaps more important: The consequences of certain Third World events for the West. Not that Third World development aid, as men of good will constantly repeat, does not constitute a wise requirement and a duty for the West. Of course, in the long run, the reduction of inequality among nations is in keeping with

the interests of humanity and the West. But on the political horizon, what is new is that Europe's energy supply depends on fragile, divided countries to which--directly or indirectly--the Soviet Union has a chance to extend its dominance. Closer to the Persian Gulf, it can, by the fear which it inspires and by the parties or minorities which it manipulates, expand its sphere of influence.

The Europeans, if we limit ourselves to figures, together form an economic power comparable to that of the United States and superior to that of Soviet Europe. The limited significance of national product statistics is overlooked in a geopolitical analysis. Europe is a huge processing industry, whereas the two superpowers have natural resources which do not make them dependent, to the same degree, on foreign trade.

In this regard, the greatest transformation of the interstate system results from decolonization, first of all, and then from the relative weakening of the United States. Following the Suez crisis in 1956, I pointed out (at the end of the book entitled "Espoir et Peur du siecle" [Hope and Fear of the Century]) that Great Britain, and its partners by the same token, would thereafter control the seas no longer and that sea routes, the arteries of the European heart, would run the risk of being blocked. At that time, the United States seemed capable of replacing Great Britain; it still is, to a certain extent, but the world has changed. In the last century, the Royal Navy ruled unrivaled over all the seas, as much because of its prestige as because of its actual might; on the land, the present Third World was part of European empires or was subject to the influence of the "great powers" (those of the Old Continent or North America). In this regard, the turning point, the definitive change, was 1905, with Japan's victory over tsarist Russia.

Stripped of its empires and unable to defend itself, Western Europe is still one of the world's great economic powers, the leading commercial power. But due to the very fact of its role in the world economy, it remains vulnerable. If it formed a single state, with a single voice and acting according to a single will, it would definitely again become one of the protagonists in the interstate system. Grouped together in the Economic Community, the states of the Old Continent enjoy a prosperity which arouses envy without inspiring the respect that goes along with strength.

The United States is still the defender of European prosperity and European security. The Persian Gulf is of greater concern to the Old Continent than to the New World. The United States can get along without oil from Saudi Arabia more easily than its allies can. But it is the United States which is taking action there and which constitutes a rapid intervention force. The Europeans are aware that, in view of the military superpower that is the Soviet Union and the demanding, anti-imperialist Third World, they need the United States more than the United States needs them. They are aware of this, but they think they can obtain such support for nothing. Moreover and above all, the United States no longer guarantees European security in the same way it did 25 years ago. Whether it is a question of the military balance or the freedom of sea routes, the United States has become even more necessary but has ceased to appear sovereign.

This is the source of the tension within the Atlantic Alliance. Economically, the richest Europeans have attained the American standard of living, except for about 10 percent, more or less. Despite what is called the crisis (the change of economic climate on the scale of world markets), neither the Germans nor the French feel they are irremediably inferior, regarding production or management, to the Americans, even if the latter are still the pioneers of science in the leading economic sectors. But the Germans refuse to get involved in extra-European affairs that might well entail the use of military force. The British and the French do not refuse to do so, but most often they limit themselves to statements or to negotiations, for lack of material resources. It is in this limited sense that H. Kissinger's phrase contains a share of truth; the Europeans have interests which obviously exceed the limits of their continent, but what amount of resources can they commit to the Middle East conflict or to those of Southeast Asia?

The 1980's promise to be more dangerous than all the years since 1945. At least this is the judgment which has almost become an obvious truth. Do the preceding observations support such a diagnosis?

The decisive argument in favor of this pessimistic outlook is expressed by the phrase "the window of opportunity." Experts estimate that around 1984-85, Soviet SS-18's, each armed with 8 nuclear warheads of megaton force, could (on paper) destroy all U.S. land-based missiles, the 1,000 Minutemen (the Kennedy Plan of 1961). Assuming that this first strike succeeds, the other two divisions of the U.S. triad (missiles carried by submarines and bombers) would be sufficient to destroy the Soviet Union's cities several times over. Some experts retort that the land-based missiles are the most accurate and that an indiscriminate counterattack by Washington, following elimination of U.S. land-based missiles, would only have the effect of bringing a deluge of fire down on U.S. cities. All speculation on this subject is permissible--but the Soviets would have made a profound change if they risked such an adventurous initiative, out of all proportion to any of the decisions made by the Bolshevik party-state.

Does the possibility of such aggression affect U.S. leaders in a time of crisis (if not constantly)? I don't know. The only U.S. official with whom I have been able to discuss this matter privately has given me, depending on the situation, contradictory answers. Even the Reagan administration does not seem to consider tragic the vulnerability of the Minutemen, since it has reduced the MX program and is still looking for a way to assure the invulnerability of these new land-based missiles.

Let us assume--which I consider most likely--that the MAD, mutual assured destruction, doctrine is henceforth accepted by the two superpowers and that the SS-18 threat belongs to science fiction. At the same time, the question arises even more acutely: How is it possible to deter the potential enemy if anything other than the total use of nuclear weapons is considered? Without developing the analysis of this point, we might note that the more monstrous and disastrous strategic nuclear weapons appear to both sides, the more the ratio of conventional regional forces has to affect the outcome of crises.

In the present situation, is the security of Western Europe appreciably more uncertain than it was 10 or 20 years ago? On paper, we must answer yes. The Soviets have massively increased their conventional forces, on land and at sea, in the case of both conventional and nuclear weapons. I will spare the reader the figures pertaining to divisions, tanks, missiles, submarines, etc. I doubt that NATO officials have any illusions about the Soviets having every opportunity to win, more or less quickly, a battle waged with conventional arms alone. But if the battle went on for more than a few days, escalation to extremes becomes plausible. Indirectly, through U.S. troops, and Pershing II's tomorrow, the deterrence exerted by the United States extends to Europe. To what extent does the nuclear threat, for the benefit of Western Europe, remain credible? No one can answer such a question; I will say only that a direct, total attack on Western Europe by Soviet forces would smash NATO defenses--but in the case of anything less than adventurism, the men of the Kremlin will not do so. Such an attack would launch a third world war whose outcome is unpredictable.

Could a general conflict arise from a regional conflict, in the Near or Middle East? To be sure, U.S. positions there have eroded with the Iranian Revolution. The Soviet Union, from Afghanistan, by stirring up rebel tribes, can destabilize Pakistan and advance toward the Persian Gulf. The Americans lack bases from which they could operate. The Soviet advance can be used tomorrow for Castro-type revolutions in Central America, for Palestinian or Shi'ite progressives in Arab countries. What will be the victories or the failures of this expansion in the various parts of the world? An answer to this question would require another entire study. I will limit myself to one remark: I don't see why these conflicts, during the coming years, should launch a great war--unless the two major features of the interstate system change.

The first feature is the Atlantic Alliance. And the major risk of a change, in this regard, would be that the Europeans ultimately prefer Soviet domination to the constraints of defense and the U.S. military presence. The Americans would in turn reject the burden of the Atlantic Alliance if the Europeans stubbornly insisted on working for the Soviet economy on the pretext of detente. I don't believe in such a change: Concluded more than 30 years ago, the North Atlantic Treaty has survived. It is going through a dual political and economic crisis. Political, because the Europeans only want to react verbally to the events in Afghanistan and Poland. Economic, because the interests and ideas of the Americans and Europeans are often divergent or opposed.

The second major feature is the balance of strategic nuclear forces or, more generally, the balance of military forces of the two superpowers. At present, quantitatively speaking, the balance is tilting in favor of the Soviets. Thus the two questions which the future will answer: Will the Soviets take more risks because of the change in the ratio of forces? Will the Brezhnev administration's successors, military or civilian, abandon their caution? In the case of anything less than a quasi-coup d'etat, these successors, marked out today, do not herald a new era, neither internally nor externally.

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CSO: 3519/110

CRITICAL VIEW OF RELATIONS WITH ARAB STATES

Athens OIKONOMIKOS TAKHYDROMOS in Greek No 44, 4 Nov 82 pp 3-7

/Article by Giannis Marinos: "Greece and the Arabs"/

/Excerpts/ At the press conference given at the Salam Palace on the last day of the Greek prime minister's visit to Kuwait, I too had planned to ask a question of Mr Papandreou and the Kuwaiti minister of information who had so warmly welcomed us. However, it seems that press conferences in that country are held only for local reporters, so none of their Greek colleagues had a chance to ask any sort of question.

I am therefore obliged to put it in this column even though it is a bit late and without expecting to get an answer (at least from my Arab friends).

- Mr Prime Minister, the foreign policy being followed by Greece, and especially by your government, is characterized by your complete alignment with the Arab states and by the support of their positions, especially the Palestinian one; in fact, in a manner that entails significant cost to our country, as you yourself have said. I would like for you, and primarily the Kuwaiti minister and the other Arabs present, to inform me what exactly they are doing to show that they respect the Greek position, that they feel to be true friends and are grateful --as they constantly say-- to our country.

And, of course, since I do not have anyone next to me to give me an answer, I will attempt to answer it myself. I feel it necessary to provide this answer since all the reporters who accompanied Mr Papandreou on this trip felt deep sadness, in fact, a few were exasperated, by the contents of the questions of our Arab colleagues. Quite a few, beyond providing a few empty compliments to Mr Papandreou and the Greek people for their pro-Arab position, clearly showed a pro-Turkish bias. In fact, one of them did not hesitate saying: "Mr President, why do you not accept confederation in Cyprus so as to put an end to the crisis on the island and to the tension in the area that threatens peace?"

We already have data that convince us that although the Arabs feel that they are friends of Greece they do not go along with us on matters dealing with Cyprus and Turkey. It is known that they do not agree that the Aegean problem and the uneasiness over Turkish provocations should be mentioned in any joint communique. Moreover, none of these countries has ever agreed to sign a communique that asks for the withdrawal of Turkish military forces from Cyprus (they talk about foreign military forces which is not the same thing).

To the contrary, the readers of OIKONOMIKOS TAKHYDROMOS know very well the close diplomatic and economic relations that all the Arab countries are developing with Turkey, especially the Libya of our dear friend Colonel Qadhdhafi or the Iraq of our very beloved President Saddam Husayn. Furthermore, the former is the one who has gone as far as carrying out assassinations on our soil and interfering in our internal affairs and has for some time been strengthening in every manner possible the Turkish position and its military armament. In fact, he has concluded a bilateral military agreement with Turkey. As for the latter, he is developing broad economic relations with Turkey and is building petroleum pipelines on its territory, while working with Turkey for the repression of Kurdish independent tendencies in the well-known "humanitarian" manner that characterizes such efforts.

As I had told the Iraqi minister of information of the time a few years ago, the cases of Israel and Turkey are about the same. Both act as agents of American interests and serve American strategy in the region. Both are being armed with American weapons and are being used by the Pentagon. Both are characterized by expansionist tendencies and both oppress other peoples.

And yet the Arabs are following a most contradictory policy with respect to these two cases: hostile, merciless, unyielding, without a single trace of understanding of the Israeli position. Indulgent, full of understanding for, friendly and eager to offer every assistance to Turkey.

You will tell me that the Arabs are realists. The apparent contradiction expresses their unfeeling interests. Their ideological, anti-imperialist and anti-American position is simply a propagandistic enticement to get international sympathy and support. When, however, interest dictates realism, then you leave out of your vocabulary and heart slogans and feelings and you work gladly with the twin brother of Israel in ideas and actions. This can be considered immoral, but when has morality prevailed in international matters when they come into conflict with hard-hearted interests?

Of course, our Arab friends are doing their job and are doing it well. Nevertheless, they should at some point be told by somebody that you cannot always play in all the games and odd or even yours.

- They want Greek friendship and support but also Turkey's. Logical. However, for them to give us their friendship, we must not have relations with Israel.

- They want everybody (and us first of all) to condemn the Israeli occupation of Arab lands. And anyone who does not do so is their enemy. And yet they think it very logical and self-evident for Turkey to occupy Cypriot lands and refuse any kind of discussion for even a platonic censure of Turkey.

- They nearly threaten Greece with a cutoff of petroleum and general economic cooperation if it dared to diplomatically recognize Israel. And yet the same people not only, of course, do not intend cutting off their diplomatic relations with Turkey to exert pressure to have it withdraw from Cyprus, but they are

strengthening both diplomatically and in many other ways Denktas' Turkish-Cypriot "little state," thus provocatively defying Greek and Cypriot sensitivity and mutuality.

I personally believe that there is not sufficient awareness of these Arab contradictions (perhaps among the Arabs themselves) and that Greece too bears great responsibility, not because it does not inform the Arabs (something that is now being done more systematically by the Papandreou government), but because it is not asking for some kind of diplomatic trade off. Perhaps the fact that the Arab market has become a first class outlet for Greek export products and our technical firms, as well as the continued fear that we may perhaps be left without petroleum sufficiency are being considered as exhausting possibilities of Greece's influencing the Arabs. Nevertheless, it has become evident for some time now that this Greek dependence has only relative value since it is already known that petroleum is once again becoming plentiful on the international market and, indeed, the Arabs should consider us as good customers since we agree to pay them more than for that available on the free market (spot market). Also, cooperation with technical firms is of rather dubious profitability for our national economy since the foreign exchange benefits derived do not appear significant, while in quite a few instances the instability of the regimes and their poor reliability create risky situations and lead to Greek bankruptcies (revolution in Iran, war between Iran and Iraq, substantial suspension of payments from Libya, etc.).

At any rate --and this should be stressed and hailed-- Prime Minister Papandreou, perhaps also annoyed by the pro-Turkish questions of the Arab reporters, stressed that the positive pro-Arab policy of the PASOK government had some cost to Greek interests. He said, "Israel's influence on the financial establishment of the United States and on the political circles of that country has created for Greece some more difficult relations than in the past."

It is also the projected hope every now and then that our Arab friends will drown us in money and investments and that they will solve our economic problem. I still remember, a few days after PASOK assumed power, the impressive rumors to the effect that the Arabs would make investments in the order of 1.5 billion dollars in Greece. Unfortunately, not even one dollar has been invested up to now, even though Mr Papandreou told the delegation of the chairman of the Arab-Greek Chamber (see OIKONOMIKOS TAKHYDROMOS, 14 October 1982) that the Arabs are not to blame for the fact that investments have not been made in our country.

Thus, even the prime minister's trip to Kuwait, that had been heralded with more expectations than they really were, finally assumed these same spectacular expectations in the imagination of the Greeks (a situation in which television played a huge role), to a point where the prime minister himself was obliged to tell us reporters aboard the aircraft, "You should not give the impression that we will solve Greece's economic problems on the occasion of every one of our trips. Let us not go into triumphant statements and exaggerations. The Greek economy must itself solve its problems. And that is the job of the government."

However, to put matters in their proper perspective, we must observe that reporters would not write as they do if they were not supplied with enthusiastic prospects from sources which, although not coming from the prime minister himself, are acting under his responsibility and direction. Proof of this was the information put out prior to the trip that three agreements would be signed between the Greek delegation and the Kuwaiti Government, one dealing with highway transport, one with housing construction and one with cultural matters. Nevertheless, only one was signed (highway transport); this had been prepared in detail by the previous government, as the prime minister said frankly and with political honesty. The others not only were not signed but nobody has told us what happened to them.

So as to make evident the positive aspect of the trip, we must first make known that the leaders of Kuwait and the Greek socialist government do not speak the same language because they do not have the same ideology. And even though the word "socialism" was not heard even once during this trip (and properly so), nevertheless, it was not possible for Mr Papandreu's true charismatic characteristics to suffice, as the surprising ease with which he discusses each issue, as well as his attractive personality to convince. This is so because the social-economic regime of Kuwait is based almost exclusively on private initiative; it has the American economy as a model; it cooperates closely and unusually profitably with multinational capital and carries out its social policy with high revenues derived from petroleum and generally from profits from business activities.

A reliable Greek source told me that Kuwait has revealed that it is interested in making investments in Greece only if (a) they can yield at least 20 percent clear profits, (b) they relate to petroleum technology and (c) they relate to the industrialization of agricultural products. The 20 percent profit was at once stricken out because in Greece such profits exist only in the imagination of anti-monopolists, while in reality, at least as far as Greek industry is concerned, it fluctuates around 5 percent which, of course, the Kuwaitis consider as completely unprofitable, when deposits in the international banking system are yielding at least 12 percent and up to 20 percent (and, in fact, untaxed) in term accounts in Greece!

Greece does not have its own petroleum technology to offer, whereas the famous petrochemical industry does not seem to move Kuwait that much since that industry is today undergoing an international crisis due to oversupply. Moreover, the Arabs prefer to build their own facilities on the spot in order to sell the finished petroleum products rather than the raw material (crude).

On the other hand, it appears that there was substantive promotion in the discussions for the establishment of joint ventures in the field of agricultural industry. The establishment of such industries in Greece could supply not only the small but not at all negligible Kuwaiti market (approximately 1.5 million inhabitants) but the neighboring countries with canned and frozen foods given the fact that the city by the same name is a vast transit center for the Middle East. It appears that the Kuwaitis are not stressing the profits angle

in this field and are accepting that they be lower. What remains to be cleared up is to what extent they would want to cooperate with cooperative agricultural firms as the Greek side prefers because they consider more profitable cooperation with private firms.

Kuwait is also interested in tourism. Here too they are attracted by tourist investments. However, we did not hear anything relevant on our trip despite the fact that there had been some preparatory work on it. Perhaps here too they are waiting to negotiate with private firms. On the other hand, it appears certain that Kuwait will increase its purchases from Greece and will expand its already noteworthy cooperation in the war industry field. Kuwaiti military aircraft are already being serviced and repaired by the Greek aircraft industry in Tanagra, while it appears that Kuwait is interested in the purchase of weapons systems and ammunition manufactured by Greece. As the prime minister told me, "We will thus overcome the problem of disposing of the surplus PYRKAL munitions company production" (if and when, of course, it begins producing under state control).

In connection with the well-known issue of foreign exchange deposits in Greek banks, here too the great expectations and the ensuing silence have created erroneous impressions. Kuwait has huge reserves that, besides other investments, are placed into interest-bearing deposits abroad. The expectation of a "solid" deposit in Greek banks appeared to predominate on this trip. In fact, the relevant preparations for this had been promoted. However, the indefiniteness around the relevant information gave the issue science fiction story proportions. That there will be some sort of deposit (if it has not already been made) appears to be certain. However, --despite the fact that we do not have completely reliable information-- it should not exceed 100 million dollars. It concerns a sum which, as the prime minister properly said, is not about to solve the economic problems of our country. However, it would be a good start. Of course, it would be with some time limit (and not immediately assumable) and would be encumbered with the international interest rate which today fluctuates around 12 percent.

At any rate, it is now evident that the new Greek Government (as the previous ones) cannot put great hopes in finding loan capital from the Arabs (it seems that a few of its enthusiastic cadres had hoped that they could count 100 percent on the wealth of a few Arab countries). Consequently, the problem of our balance of payments is once again assuming its former acuteness that not only is increasing its deterioration (despite the disposal of petroleum reserves and the general grants by the EEC which, taken together, yielded some 1 billion dollars in 1982), but comes within the general unfavorable atmosphere which is indicated by the near debt moratorium of various countries (ranging from Mexico to Romania and from Libya to Poland) and the prevailing restricted liquidity. Nevertheless, Greece's exceptional faith within such an atmosphere can secure for her (for quite a few months yet) preferential credit facilities before the need for recourse to the World Bank with its well-known deplorable conditions, if, of course, there is no drastic improvement in the balance of payments and in the seriously shrunken foreign exchange reserves which already is sufficient to cover less than one month's imports.

Speaking again in general terms, I believe that in the future our policy vis-a-vis the Arabs must, together with our praiseworthy and genuine support of the Palestinian question, be correlated with and likened to the policy of their own countries vis-a-vis the Cypriot question, Turkey, the Aegean, as well as the economic needs of Greece which (we repeat, as does the prime minister) pays dearly for its policy which is troublesome to Israel. Let us not be misled by the natural and traditional effusiveness of our Arab friends and by the willingness with which they give general assurances whose only purpose, as a rule, is to thank their interlocutors and to make the atmosphere of the meeting comfortable. Let us add to this the fact that the Arabs --very warranted and after bitter experience-- are now especially mistrustful of those who offer them friendship and cooperation. And while they may not fear Greece as suspect of colonialist designs, nevertheless they perhaps compare her with traumatic experiences they had with individuals and companies who considered them as naive victims for easy enrichment.

However, Greek foreign and economic policy must become more conscious of the fact that the concept of the Arab nation is a very variable one and in any case does not allude to any community of interests or identity of views. The very warm support for and cooperation with the so-called hard-line Arab regimes (Libya, Syria, etc.) annoys and repels the conservatives (Saudi Arabia, Kuwait, Emirates, etc.). And the overexuberant support of the Palestinians does not always find the same enthusiasm in other Arab countries (for example, Arafat is not at all acceptable to Libya, while the PLO leader does not at all trust Syria which prefers the Sa'iqah group as the representative of the Palestinians. And how many people in Greece know that?) The Palestinian fighters, and this too is perhaps not too well-known, are split into as many groups that hate and fight each other as those religious groups that fought among each other over Christian dogma over the centuries and even up to this day. Supporting Arafat in every way possible is like provoking frightful terrorist activities, going as far as the death of his Palestinian opponent, Abu Nidal. And something that has special meaning for the economic sector: those countries that have much money and can help Greece are those that are afraid of and hate socialism, which base their economy and their development on private initiative, believe in a free economy and in the efficiency of the operation of the market without interference. About the only point on which the opinions of their governments and ours come together is that while they are not afraid of and seek cooperation with foreign capital, we, in such an understanding, can base our cooperation with them. Only that they believe more in cooperation with private initiative. Let this not be considered as a detail, if, of course, we are interested in having the rich profits of the Arab World pass from the enthusiastic radio and television broadcasts to the treasuries of Greek producers and our banks.

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CSO: 3521/77

COMMENTS ON MASKED SOLDIERS' RECENT COMPLAINTS

Communist Threat Seen

Athens AKROPOLIS in Greek 10 Nov 82 p 2

/Editorial: "The Hooded Soldiers"/

/Text/ The armed forces of the country are at this time presenting a picture of a fortress under seige and whose seizure is being sought from both the outside and inside. Of course, it is a matter of a party seizure which, however, opens the way to worse possibilities. Those three masked army, navy and air force privates who gave a press conference on the situation prevailing in the military were simply operatives of the KKE. And their blatant action was only one case of a persistent campaign that aims at undermining the armed forces, at their dissolution, as well as at winning over one of their sections that will, in time, turn against their other sections, to be followed by mutual slaughter. Let us not be deluded by excuses being used, such as "democratization," "trade union freedom," etc. Besides being pure stupidities and cases of hypocrisy, they aim at one and only thing: to have communists organized within the military and to have their controls over as many units as they possibly can. When they achieve that, they know very well what their job is from then on. And one must be completely ignorant of history and politically ignorant not to be able to anticipate what comes next. For that reason, the PASOK government's responsibilities are enormous to protect the armed forces from communist infiltration.

Offending Action

Athens EXORMISI TIS KYRIAKIS in Greek 13 Nov 82 p 12

/Editorial: "Offending Spectacle"/

/Text/ The sight of the photographs we saw in all the newspapers of the three privates who expressed views and made demands --we will not go into details-- over military service is offending, demeaning of human dignity and offensive to the honored uniform of the Greek soldier. One would say that those men, masked with handkerchiefs so as not to be recognized, were hunted Mafia men or political refugees who were in danger from a junta-led regime.

The Ministry of National Defense has permitted the military to wear civilian clothing when off-duty. This means --in our opinion-- that when a soldier is not carrying out his service duties he does not simply take off his uniform just to

feel a bit more comfortable but without ceasing being subject to military discipline and consequently without ceasing to have an increased responsibility to what he does and says, he conducts himself as a civilian. The above-mentioned soldiers could therefore have acted in that manner. It is consequently evident that with their appearance they wanted to show that in today's military some sort of state of anachronism and of terrorism prevails and it is assumed that it will punish them or destroy them for all they courageously but disguisedly said. However, what else is it than a direct attack on the military? At last, if they had such fears, they should have had the courage to confront them and subsequently to denounce them. Their act constitutes an attack against the military and, in the last analysis, against the governing political principle of the Government of Change.

5671

CSO: 3521/77

BEHAR SPEAKS ON POPULATION GROWTH, POLICY

Istanbul CUMHURIYET in Turkish 14 Nov 82 p 6

[Interview with Bogazici University instructor Cem Behar by CUMHURIYET Economics Editor Osman Ulagay]

[Text] Cem Behar

Born in 1946. Attended the Robert College high school department after which he pursued undergraduate and graduate studies at the Sorbonne in Paris. A teaching member at Bogazici University since 1977, Behar is engaged in studies on population problems.

[Question] Mr Behar, population growth crops up from time to time as one of Turkey's most important problems and any meaningful growth in per capita national income is said to be difficult without slowing population growth. The first question I would like to ask you is what direction is the rate of population growth in Turkey taking?

[Answer] It is true that the rate of population growth is an extremely important factor in economic development. But one must immediately add that the rate of population growth in Turkey, as will be seen from the preliminary results of the 1980 census, has entered a rapid decline. Other indicators confirm this trend as well.

[Question] What indicators?

[Answer] The average growth rate in Turkey's population between 1970 and 1975 was around 2.6 percent. Yet this growth rate dropped to 2.1 percent between 1975 and 1980. And this decline occurred despite the slowdown in worker migration abroad from Turkey. Birthrate indicators confirm this fact also.

[Question] What do you mean by birthrate indicators?

[Answer] The Population Studies Institute at Hacettepe University conducted extensive population and birthrate research for the 5 years following 1963. For instance, the average number of children per Turkish family in 1968 was 6.3. This figure dropped to 4.2 in 1978. That is to say, there was a 35-percent decline in the average number of children in Turkish families in a 10-year period. As these indicators reveal, the rate of population growth in Turkey is

declining on its own. The conclusion that may be drawn from this at first glance is that Turkish families are slowly learning to regulate the number of children. This is reflected in the rate of population growth and will have an even greater impact in the years ahead. I do not think it would be far off the mark to say that Turkey's annual rate of population growth may decline to 2 percent or even below between 1980 and 1985.

[Question] Before going into the causes of this decline in the population growth rate, let me ask this: A Turkey with a population of 100 million is occasionally referred to and certain projections are made on this basis. According to your figures, it seems that this will probably not be so likely.

[Answer] True, it does not in fact seem possible. According to all available data, it does not appear likely that Turkey will reach a population of 100 million. Population projections made by the World Bank, the United Nations and the University of Chicago show that the Turkish population will stabilize at the 90 million-95 million mark between the years 2020-2030. Developments in recent years tend to confirm this projection.

[Question] What will Turkey's population be in the year 2000 according to these projections?

[Answer] In the projections made for the year 2000 based on a number of birth-rate and emigration alternatives, population estimates for Turkey vary between 60 million and 72 million. The latest State Statistical Institute population projection made in 1981 shows that a population of around 67 million will be reached in the year 2000. Yet, until a few years ago, it was being estimated that our population would be 75 million-80 million.

[Question] To what do you attribute this decline in the rate of population growth?

[Answer] One can only say that this decline was not the result of a state policy consciously applied for this purpose. In my opinion, the efforts made within the framework of the family planning law that went into effect in 1965 had very little effect or impact on the declining rate of population growth. The real motivating force was the desire and effort on the part of families and couples to limit the number of their children.

[Question] Then how can one explain this change in behavior?

[Answer] It is possible to attribute this to a number of causes. First, one must mention the urbanization phenomenon. While the economic and social function of children is different in rural areas, the cost of raising a family is much lower than in the cities. The urbanization movement thus arbitrarily forces families to make a cost-effect analysis as regards children. A second important cause is that the educational level of women in Turkey is rising by degrees and the number of women entering the workaday world is rising. A third related cause is acceleration of the process of their turning from traditional family pursuits to wage-earning, urban-related activities.

[Question] Do you think the state has made no contribution at all to the trend to smaller families?

[Answer] Yes, it has. The population planning law of 1965 offered families state approval, a kind of moral support, in limiting the number of their children, legitimizing it at least at the political and religious level. The direct and practical effect of the population planning efforts begun in 1965 was thus minimal, but one must admit it had an indirect effect.

[Question] There is now an abortion bill on the Consultative Assembly agenda, you know, and different views have been expressed on it. The first question I would like to ask you about this is: Might the abortion bill play an important role in population planning?

[Answer] Abortion, I must say, is not something that is not done or practiced in Turkey at present. A study conducted by Mr Nusret Fisek at Hacettepe University indicates that there is an average of 300,000 abortions yearly in Turkey. Considering that on average 1.2 million children are born in Turkey each year, that means one abortion for each four children born. Especially in the large cities, a woman who has 20,000 liras can easily and safely obtain an abortion. Therefore, passage of such a law will be a law after the fact anyway.

[Question] Will the legalization of abortion bring a significant increase in the number of abortions?

[Answer] Perhaps 50 percent of the abortions, which as I just said number 300,000 a year, are performed under proper and healthy conditions. The other half are done by any number of primitive methods. For this reason, rather than an increase in the number of abortions when the bill is passed, one can expect an increase in the number of abortions performed under healthy circumstances.

[Question] Will the law offer new opportunities to those with limited economic resources?

[Answer] This depends on how the law is written. Those who have the money can already get a safe abortion. In this case, the possibility arises of those lacking these resources going to the state hospitals. But it is a fact that the possibility of the state hospitals' meeting such a demand with their present capacities is extremely limited. I do not know how realistic it is to expect the state hospitals, which are inadequate even for normal treatment and surgery, to add abortion to their gynecology services.

[Question] In that case, the sector with limited monetary resources will still have limited opportunity to take advantage of the abortion law if it is passed, as far as I can see. Or might the state develop other sorts of facilities in this area?

[Answer] While the state can put only so much into health investments, it would seem difficult to me in the short term for the state to resolve this problem by establishing facilities exclusively for abortions among its health institutions.

For this reason, the legalization of abortion will benefit the "private sector" in the first stage and private medical facilities that perform abortions will primarily benefit from it.

[Question] So will passage of the abortion law have any effect on preventing population growth?

[Answer] I think it is possible to cite three major arguments in favor of legalizing abortion. First is to curb rapid population growth. Second is to prevent disability and death from attempts to end unwanted pregnancies by primitive methods. Third is to allow families and women the freedom of having the number of children they want. Now, to answer your question as regards the first of these, I think the answer is "no." I do not think legalization of abortion can have much effect on population growth for two reasons. First is that 50 percent of families have already begun applying family planning methods and second is that abortion is already being done in Turkey.

[Question] Then might we reach the conclusion that there is no justification for passing the abortion bill?

[Answer] No, definitely not. There are still the other reasons I mentioned. We know that a minimum of 5,000 women suffer self-inflicted injury from attempted abortions every year in Turkey. Therefore, passage of the law and the creation of new opportunities in this regard for women at all income levels is extremely important from the standpoint of family and women's health. In addition, helping families and women acquire the freedom to have the number of children they want seems to me an important reason.

[Question] So how do you view current chances for passing this law or legalizing abortion?

[Answer] There are many different views on this law, you know. While certain women's organizations and others welcome the law, we know that the Religious Affairs Office opposes it. This is not surprising when we recall that there were similar reactions to the population planning law in 1965. Under the circumstances of the time, that law was able to be passed only after 27 May. I think the present circumstances offer much better chances of passing the abortion law. I believe that the chances of passing laws of this kind are better during such periods.

8349
CSO: 3554/64

NAVY GETTING MORE BOATS, EQUIPMENT FOR SUBMARINE SEARCHING

Helsinki HELSINGIN SANOMAT in Finnish 25 Nov 82 p 3

[Article: "New Equipment for Surveillance of Submarines"]

[Text] The surveillance of Finland's territorial waters will be made more effective with new procurements of ships and equipment after recent submarine incidents. A completely new type of coastal ship will be developed for the Coast Guard and new submarine surveillance equipment will be procured for present coast guard ships.

Six million markkas' worth of acoustical and listening devices and other submarine surveillance equipment will be procured for the Coast Guard's ships. The funding will be provided in this year's last supplementary budget, which was discussed by the government on Wednesday. The supplementary budget proposal will go to parliament at the end of next week.

The supplementary budget will include the planning of a prototype of a new coast guard ship costing 1 million markkas. What is in question is a so-called heavy coast guard ship, which will replace the obsolete Koskelo-class ships. A prototype of the new lightweight coast guard ship, Lokki, is already in experimental use. The future heavy coast guard ship has not yet been given a name.

Presently, Finland's territorial waters are being guarded by seven Koskelo-class ships and four seagoing patrol ships and, in addition to these, the Coast Guard has light patrol boats.

The Navy will receive funds in the supplementary budget for a new high-level ship, which can transport the state's highest leadership in addition to army officers. The VIP-level ship will cost 1.2 million markkas. The Air Force will receive two new light helicopters and the Border Patrol will receive a new MI-8 helicopter to replace the one that sank in the islands off Turku.



New submarine surveillance equipment will most likely be installed on the Koskelo-class coast guard ship also even though these ships will be gradually put out of service.

10576

CSO: 3617/36

ADDITIONAL SUB HUNTING FUNDS INCLUDED IN EXTRA BUDGET

Helsinki HELSINGIN SANOMAT in Finnish 27 Nov 82 p 3

[Article: "Submarines Being Watched"]

[Text] In the government's opinion it is now imperative that the development of submarine surveillance and an anti-submarine defense capability be accelerated. Therefore, the supplementary budget will include 1 million markkas for the development of a prototype of the so-called heavy coast guard ship. Five Koskelo-class coast guard ships will be taken out of service in the 1980's and they will be replaced by this new type of ship. Also the Navy's aging patrol boats will be replaced with these same types of ships.

In order to make the search for submarines more effective, present coast guard ships will be equipped with 4.8 million markkas's worth of equipment intended for underwater surveillance, primarily acoustical and listening devices. One of the Coast Guard's ships will be overhauled in connection with the installation of this equipment.

The Border Patrol will also receive a new Soviet-made MI-8 helicopter to replace the one that sank in the islands off Turku. The Air Force will receive two light helicopters to replace those that have been damaged and the Navy will receive a ship suitable for transporting high-level officials. At present, the Navy does not have a ship suitable for transporting and entertaining state guests, for example. Generally, foreign guests have been entertained aboard icebreakers of the kind that ran aground during the visit of Canada's governor general.

The government wants to increase the funding for the Army's basic procurements by 51 million markkas. The money is primarily needed for purchases from the USSR because of the increase in the exchange rate of the ruble.

The supplementary budget will provide nearly 43 million markkas for expenditures incurred in connection with Finnish UN-troops in Lebanon. This sum will provide for these troops until the end of June.

10576

CSO: 3617/36

MAUROY SPEAKS AT NATIONAL DEFENSE INSTITUTE

Paris DEFENSE NATIONALE in French Nov 82 pp 9-28

[Text of speech given by Prime Minister Pierre Mauroy at the opening meeting of the 35th session of the Institute for Advanced Studies on National Defense, on 20 September 1982]

[Text] This is the second time that I have had the honor of presiding at an opening session of the Institute for Advanced Studies in National Defense.

I intend to remain faithful to the tradition of your Institute. The head of government is responsible for national defense. I attach to this aspect of my responsibility all the importance that it merits. It is therefore natural that I come to review the situation with you.

For many years, the IHEDN [Institute for Advanced Studies on National Defense] has devoted itself to far-reaching study of the defense policy of France. Coming from very different areas of concern and professional sectors, and gathering for several months, you are going to take over from your predecessors and reflect in common, with complete freedom of thought and expression, on the serious and difficult questions that arise for our fellow citizens in the matter of their security, taken in the broadest sense of the term. You will thus be able to advance our concepts on the subject of defense and, having acquired awareness of the responsibilities that will be yours, subsequently play a role of prime importance in the defense of our country.

You will note again this year that particular care has been devoted to the composition of your assembly in order to establish a broader socio-occupational spread of the audience. This broadening of the spectrum of those enlisted should make it possible to extend the spirit of defense into circles that are still relatively little sensitive to this concern. Within the framework of the decentralization policy being carried out by the government, the role of the regional sessions has again been expanded and the number of them has been increased.

I hope that your reflections will be fruitful, both for your personal enrichment and for that of our country, and for peace in the world.

A city's security depends less on the solidity of its fortifications than on the firmness of spirit of its citizens. Or, to speak a more modern language, I would say that the means of deterrence are in the last analysis effective by virtue of the spirit of defense that animates the community.

But in order to be able to mobilize, a society must be united and rallied. Such cannot be the case with a society that accepts the reduction of a part of the working-age population to a state of vegetation without productive activity. If the citizen has duties toward the national collectivity, the latter, in counterpart, has obligations toward him: it is obliged, for example, to permit exercise of the right to work. Unemployment is the deepest of inequalities. It inevitably brings society to a division.

To manifest itself fully, the spirit of defense presupposes the feeling of belonging to the national community--a belonging reinforced by the reduction of tensions and social inequalities. It also presumes an improvement in the teaching of defense at all levels, development of the nation's economic potential, the autonomy of its technology and the stability of its energy and raw-materials resources.

At the time when you are about to begin your work, I propose to analyze with you the balance-sheet and achievements of the past year and to communicate to you the fruit of the government's reflections on the place of France in international relations. After that, I would like to satisfy your curiosity by specifying the terms in which the question of national service is posed.

In the second part of my presentation, I would like to place emphasis on a number of subjects that are presently sources of debate and on which you will reflect this year. These reflections are on three themes: disarmament and pacifism, the French strategic concept, and protection of populations.

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Last year, right here, I reaffirmed the permanence of our concept of deterrence. Since then, certain questions in the area of the equipment programs for our nuclear forces have been raised.

The fact is that the credibility of our deterrence rests not only on the adversary's perception of our will to defend ourselves but also on the range and nature of the options at our disposal for doing so. These options relate both to the domain of strategic nuclear armament and that of tactical nuclear armament.

To express the will to continue with the modernization of our nuclear forces, certain decisions have been taken now.

In the first place, the president of the republic has announced that the Strategic Naval Force would be supplemented by a seventh missile-launching nuclear submarine. It will be placed in service in the middle of the next decade. This SNLE, which will be of entirely new technology and whose qualities of silence will constitute the shield indispensable in view of the evolution of the antisubmarine threat, will be capable of launching a new missile, the successor

to our future M4. This system will seal the preeminence of the naval component of the strategic forces.

This decision strengthens the deterrent capacity of our forces by upgrading our second-strike capacity. The purpose of such a strike is, as you know, to sanctuarize the national territory. With five operational SNLE's--that is, not including the submarines being refitted or undergoing major overhaul--we will have three submarines at sea at all times.

I also mention that with the placing in service in 1985 of the M4 missile, which carries several hardened warheads 4,000 km, the striking power of the submarines will be distinctly increased and their reach notably improved.

The second decision relates to the launching of the Astarte program. This system, constituted by Transall planes equipped with modern signaling means enabling them, on the one hand, to contact the SNLE's, and on the other hand, to connect into the linked network on land, will further perfect the security of transmission of orders.

A new mobile ground-to-ground ballistic component has also been improved in principle. The SX system will be placed in service in the coming decade. The studies are under way.

The necessity of replacing the Pluton with a Hades system has been confirmed. The studies relating to the program are continuing. This system will have to have a sufficiently significant military effect to be credible as a last warning. It will ensure to the government the time necessary for the possible decision to use the strategic response. Its characteristics should make possible a distinct improvement by comparison with the Pluton, in three areas:

- flexibility of use;
- military effectiveness;
- ease of readying for use.

The thinking concerning the enhanced-radiation weapon is continuing. This weapon--the nuclear weapon par excellence--would make it possible to reduce the destruction of the infrastructures necessary for maneuvering by the forces. It is therefore conceivable that it will take a place in our deterrent potential. But no decision has been taken yet. We are still only in the period of development of this weapon.

This modernization and strengthening of our potential does not in any way imply a transformation of the anticipties strategy. It remains the implacable but ineluctable foundation of weak-against-strong deterrence. In effect, our decisions are aimed essentially at maintaining and developing the credibility of our deterrence.

The future of the armed forces depends, however, in the financial effort put out by the nation. I would therefore like to examine with you the present financial situation in defense and the future outlooks for military programming.

The draft budget that will soon be debated in the Parliament expresses a three-fold desire on the part of the government: stringency, dynamism and solidarity. Stringency quite obviously supposes a progression in public expenditure that is in accord with the evolution of national wealth. In this spirit, the share for defense will be maintained at 3.895 percent of the PIBM [Gross Domestic Mercantile Product]. In the difficult economic period that we are going through, it is normal for the Ministry of Defense to be associated in the effort of budgetary stringency that the nation as a whole is imposing on itself.

The main part of the economies will relate to daily operations, so as to preserve the equipment plans to the maximum possible. The total of program authorizations comes to Fr 78.443 billion.

The total, in terms of payment credits, of the equipment expenditures that create jobs and of the operating expenditures relative to personnel represents 46 percent of the defense budget. These expenditures will make it possible to employ more than 1 million persons.

The nuclear package, which is up by 24.6 percent, testifies once again to the priority assigned to development of the Strategic Naval Force.

The effort in favor of security, begun in 1982, will be continued in 1983, and is expressed notably by an increase in the personnel of the Gendarmerie Nationale.

Within the framework of the economic hypotheses adopted by the government, a study is in progress in the Ministry of Defense to prepare the new military programming law, which will extend for 5 years, from 1984 to 1988.

Despite the difficulties of the moment, the effort put out by France for its defense should be and will be maintained.

The Parliament will have the possibility of expressing this will, which no one should doubt, in its turn on the occasion of the vote on the new military programming law. This law rests above all on the definition of the defense missions assigned to the armed forces and the financial means devoted to that purpose. It specifies the personnel, materiel and installations necessary, as well as the actions to be undertaken in the areas of instruction, training and living conditions in order to achieve the objectives set.

It therefore constitutes an excellent working tool for elaborating a coherent model for armed forces. Among the leading ideas for this programming, I would like to stress the following three points:

- 1) continuance of the financial effort in favor of nuclear deterrence: because of the new techniques, heavy expenditures are indispensable to the maintenance of our qualitative level in the face of our potential adversaries (in the areas of detection and penetration in particular);
- 2) adherence to the principle of overall programming; this choice has the advantage of offering guarantees both for the industrial capacity for the equipping of our forces and for the training and instruction of the forces;

3) a search for greater coherence of the military-planning work with the work done within the framework of the preparation of the Ninth Plan.

Our deterrence capacity will therefore continue to be developed. As prime minister, I will make sure that the credits devoted to our armed forces are utilized in the best possible way.

I cannot conclude this balance-sheet of the decisions taken by the government in the last year without drawing your attention to the use of space for military purposes.

In the course of the past decade, the use of satellites has gone from a research and development phase to the applications stage. The European countries, and France in particular, have reached a highly estimable place in the domain of the civilian use of space, as regards both satellites and launchers; and this has been despite the failure of the last Ariane launching.

In the United States and in the USSR, the military uses of space are more important than the civilian applications today: they cover mainly telecommunications and high-resolution observation of Earth. Satellites, as you know, make it possible to establish reliable and good-quality connections between distant points on the globe, which explains why 70 percent of the communications of the American armed forces use the space medium. There are other military applications--navigation, advance alert--or there may be in future.

In France, the outlook for such military use is now opening up. Starting in 1984, the Telecom 1 satellite will devote part of its mission to the armed forces.

In the more distant future, it can be envisioned that the European states will jointly equip themselves with even higher-performance means of observation. Thus, by means of collective information about the threats that might be aimed against them, they would preserve their national independence and would make it possible to manage crises in real time. From the angle of control of disarmament, they would constitute an advantage for Europe vis-a-vis the two super-powers. In addition, they would strengthen France in its situation as the world's No 3 space power.

Before concluding this first part, I would like to remind you that defense cannot be conducted from the military point of view alone. It has to be all-encompassing, like the threat. It demands protection of the country's vital interests.

I do not wish to dwell at length on the government's permanent concern to strengthen national independence in the economic domain. The decisions taken in the face of the American embargo measures prove this. This situation shows us the necessity of a long-haul effort to acquire mastery of the technologies indispensable to the strengthening of our position on the international market.

Our desire to reduce imports, in those areas where national production can be made competitive, proceeds from the same objective. That is why the government has decided to assign priority to development of our research capacities in all areas.

But the country's activity does not depend solely on our mastery of technological problems. It also depends greatly on our energy supplies. I have already stated, on other occasions, the government's desire to diversify its energy supplies. The policy of getting control over energy, the nuclear program, the revival of coal, the oil exploration in North Europe, Africa, the Far East and the Americas, our new contracts for purchase of gas, the development of new energy sources--these are the lines of orientation of the policy undertaken with a view to reducing our energy independence.

Our position will remain fragile for several years to come, as regards energy as well as other raw materials. Preparation of the country's defense therefore makes it necessary to envision the possibility of an oil crisis that would abruptly reduce our supplies or a direct threat against the seaways used by oil tankers, methane tankers and ore ships. There is a crisis plan for organizing the distribution of such a shortage. I have asked the various ministerial departments concerned to organize the detailed application of that plan, working with the local officials and elected representatives in the spirit of decentralization desired by the government.

France's policy is being applied, as you see, in a difficult international context. Amid crises and conflicts, our policy is characterized by three fundamental options:

- 1) affirmation of national independence;
- 2) adherence to our international commitments and to our alliances;
- 3) search for peace through promotion of international solidarity.

National independence remains one of the pillars of our defense policy. It is based on total freedom of decision about the use of our forces, on sovereignty of choices and intentions in military matters, and on autonomy in nuclear deterrence.

France remains faithful to its allies and intends to remain a loyal member of the Atlantic Alliance, but without joining the integrated military organization again. For while it is necessary for our forces to be capable of acting with the allies, we must remain apart from a permanent commitment that could lead us to subjection to a strategy that would not be ours--for example, participating against our will in any "forward battle."

France further considers that a new examination of certain clauses of the North Atlantic Treaty should be envisioned, with a view to adapting it to the present circumstances.

France is in Europe. We are attached by historical bonds to the other European nations, our economic relations with the countries of the Community are very close, and our vital interests lie on the continent.

We are therefore directly concerned by the security of our neighbors, and I would like, in this regard, to recall what I said on the occasion of the opening meeting of the preceding session of the Institute: "Aggression against France does not begin only when an enemy penetrates the national territory."

We want to promote European construction. The effort that we are carrying out to ensure our security by ourselves is not an obstacle to such construction--quite to the contrary. We further consider that none of the European countries of the Atlantic Alliance is dispensed from the task of conceiving its own security, each in its own way, and of carrying out its own effort. For there will never be any real protection of Europe if the Europeans do not first of all provide for it themselves.

The voice of the Europeans, which is very often absent in the international concert, will be able to influence the course of events only if it becomes the expression of a common will, and to begin with, the will to ensure their own defense.

We must understand that peace cannot be the result of weakness.

Our alliance--a union of free countries, each of which retains its freedom of opinion and behavior--does not need to call its end purpose into question. But we must reestablish, in European public opinion, confidence in the capacity of deterrence and we must restore belief in the effectiveness of the United States' nuclear guarantee. It is necessary to convince certain European countries who are doubtful about this that the medium-range nuclear weapons that have been decided on will not be deployed in order to wage a war limited to Europe but rather, quite to the contrary, in order to make an eventual adversary understand that such a limited war is impossible.

Finally, our country is also faithful to its commitment within the Western European Union. It proved this fidelity on the occasion of the Falklands conflict. It considers it necessary to strengthen the bonds among the member states of this old alliance.

At the same time as its overseas departments and territories, France has inherited a long maritime tradition today. Furthermore, its foreign policy cannot neglect respect for the legitimate interests of its nationals abroad and maintenance of its freedom of trade and transport, necessary to economic life.

Finally, it wants to play an exemplary role in the industrialized countries' relations with the developing countries. It is necessary to put an end to a certain egotism on the part of the industrial nations and to consider the Third World as a partner, not as a reservoir or an adversary, even at the cost, in the short run, of difficult industrial or agricultural conversions. It is also an urgent matter to strengthen trade relations with the developing countries, practicing at the same time a voluntary policy of aid and cooperation. This could be the major instrument for a revival of world economic growth. For without growth we will not have any durable elimination of the economic and social imbalances between states and within our societies themselves.

The historic traditions of France enable it to hold a special place in the world. Its mediation can be effective both in the conflicts in Africa and in the many confrontations of which the Near and Middle East are the theater.

The sending of a French contingent to Beirut within the framework of the multinational interposition force has made it possible to provide for the evacuation

of the Palestinian combatants; but in particular, it has confirmed the important part that France is taking in political and peaceful settlement of the Palestinian problem. Our participation in the multinational force would not be fully meaningful, though, if it were limited to a short, one-time operation.

It does, in fact, fall within the framework of an overall perspective. For evacuation of the Palestinian combatants from Beirut could not suffice to reestablish a durable peace in a Lebanon still menaced with civil war and the major part of whose territory is occupied by foreign forces. Even before the departure of this multinational force, France had expressed the desire that it also have the mandate of ensuring the safety of the civilian populations. Unfortunately, we were not heeded, and the odious massacres perpetrated in the Palestinian camps have proved that our fears were well-founded. France remains available for coming to Lebanon's aid again and backing that country's armed forces. It continues to work for peace and will aid Lebanon in regaining its sovereignty, its unity and its integrity.

This desire to be faithful to our history and to our duties shows that France does not conceive its defense in a restrictive sense and attests to our commitment to peace, in respect for our ideals. Affirming the right of peoples to order their own lives, France refuses to accept foreign interference and remains faithful to itself, faithful to its mission as the homeland of human rights.

I would now like to share with you my concerns on the question of national service.

In the present context, national service--of which military service is the essential form--has been part of our country's institutional landscape since 1905. The war of 1914 imposed it as a basic fact in the national consensus, and recent polls show that conscription remains very well-accepted in our country. It is true that it assumes an approval that will be all the warmer if the period devoted to national service will appear active and enriching: a permanent adaptation effort should be carried on.

Definition of a new army model is currently the subject of preparatory work for the 1984-1988 military planning. When the decisions are taken, it will be possible to specify the volume of personnel strengths, the breakdown among the various categories of personnel, and therefore the effects on national service. This is to say that the proposals advanced at the time of the presidential election are not being abandoned.

There are, of course, constraints related to the current situation that prevent us from envisioning the abrupt decrease in personnel strength that would be entailed by a transition to 6 months' service without any compensating measure. It will therefore be possible to study reduction of the duration of national service after discussion of the planning law.

From the strict military point of view, the present duration cannot, in effect, be considered a technical optimum. Twelve months is not long enough for training cadres and specialists. It is barely sufficient for setting up coherent

combat units, capable of maneuvering collectively. On the other hand, it would be excessive to claim that in the simple jobs, similar to civilian activities and carried on outside the combat units, 12 months are necessary.

We see clearly what the danger of a pure and simple reduction of service to 6 months could be. It is advisable to avoid the gradual creation of two armies: one active, using complex materiel and forming operational units, and the other a conscript army furnishing menials or territorial guards. Such an evolution would in the long run lead to the disappearance of conscription and of the republican principle of the equality of the citizens.

It is therefore necessary to reflect on the adaptations to be made in service, keeping it in mind that the essential, even the sole justification of this service is the defense of the country. A reduction of its duration can therefore be envisioned when it makes it possible to preserve the military effectiveness of the draftee units.

Our search therefore consists in envisioning 6-month service under two conditions:

--the first is that the 6-month duration be considered as the central period of an effort in service of the defense of the country, prepared for by upstream training and supplemented by a profoundly remodeled organization of the reserves;

--the second is that it is necessary for the armed forces to be able to have at their disposal, within the framework of military service, a sizable volume of volunteers for somewhat longer service (around 18 months)--volunteers who could furnish the indispensable cadres and specialists.

Is it the more widespread feeling about the dangers of the contemporary world? For several years now, the revival of interest in questions of strategy and defense has taken the form, among others, of development of the studies devoted to them within the universities and the big scientific establishments. This movement in research and higher education, encouraged by the public authorities, should be continued and deepened.

Thus, at my request, the minister of national education has undertaken, in concert with the minister of defense, the action necessary for better perception by young people of the end purpose of defense and national service.

A joint commission has been assigned to develop the content of a training that should be integrated with the school programs. Civic education should, in effect, begin in the schools, if it is desired to keep the time that young people are called on to devote to defense of the country from being perceived as a gratuitous, even unjust, constraint.

II

Sensitization to the questions of defense is all the more necessary in that a certain confusion about notions such as disarmament and pacifism sometimes prevails in people's minds.

In current usage, the term "disarmament" covers not only "general and controlled disarmament"--an ultimate and noble objective--but in particular, the limitation and reduction of armaments. As the president of the republic said in his press conference of 9 June last: "People talk about disarmament, but until now it has been only a matter of reducing the excess armament."

Effective disarmament measures are measures that serve peace by reducing the causes of tension or instability represented by the nuclear overarmament of the great powers, the military use of new technologies, the imbalance of conventional forces. There are measures that favor development by reducing the financial burden of the arms race and by organizing transfer of the resources thus liberated. There are measures that decrease the number of victims of conflicts, civilian victims in particular, by prohibiting or restricting the use of certain weapons.

A realistic approach is one that makes disarmament the business of everyone and not of the big powers alone. It is an approach that safeguards the legitimate right of all states to security within the framework of regional situations. It is an approach that leads to measures whose application can be verified.

In Europe, and more generally in the northern hemisphere, the security of France is particularly dependent on the state of the nuclear armaments of the two superpowers and the conventional-forces ratio of the two alliances. France has established its defense on the concept of so-called weak-against-strong deterrence, and for this purpose it maintains a minimum indispensable capacity.

It is favorable to continuance of the American-Soviet negotiations on strategic armaments (START) and on intermediate-range nuclear weapons (INF), with a view to achieving an equilibrium at the lowest possible level. But in order for it to be able to envision participating in a global negotiation, it would be necessary for the two superpowers to have already decided to reduce their nuclear armaments in such a proportion that the gap between their potential and ours has changed in kind. It would also be necessary for significant progress to have been achieved toward eliminating the imbalance of conventional forces in Europe.

The policy of France in the matter of disarmament is coherent with its defense policy and its external policy. They are links in a single security policy, based on nuclear deterrence, lessening of the tensions in the world, and solidarity.

There has been a lot of talk about pacifism and neutralism in the last year, though far less in our country than in those surrounding us. It is advisable to remain lucid and to keep from confusing hope with the concrete fulfillment of that hope. To renounce the means, or a part of the means, that ensure one's security while those who have the capability to cause an apocalypse have not massively reduced their means would amount simply to ignoring the international realities.

I understand the reasons that have led thousands of Europeans to demonstrate their devotion to peace. They are obeying a twofold reflex: that of fear, and

that of revolt against a hard world, plunged into an economic crisis that does not prevent the most powerful from reinforcing their power while the poorest grow poorer.

Is it surprising, in these conditions, that many Europeans fear having to pay the costs of a nuclear war?

To deny or, more cleverly, to pass in silence over the primarily deterrent power of nuclear armament would amount to deceiving public opinion. France's concept of defense, and the forces in which it takes concrete form, are aimed precisely at preventing all nuclear war.

It is also with a view to avoiding all war, nuclear or conventional, on European soil that our country firmly supports the initiatives aimed at establishing a balance of the forces between East and West. I say "the" forces purposefully, because the distinct superiority of the Warsaw Pact's conventional means over those of the Atlantic Alliance, though known, is sometimes masked by the nuclear debate.

The country as a whole and all the political parties represented in the Parliament have accepted the idea of an overall concept of defense and the existence of a credible nuclear force. Within this general framework, I would like to share with you my reflections concerning our strategic concept.

Our deterrence has been made achievable by the equalizing power of the atom. It is aimed at avoiding war by convincing any eventual aggressor that a major action against France would present unacceptable risks as compared with the political aims that he is pursuing.

Within the framework of the weak-against-strong strategy that is ours, the strategic nuclear forces are capable, even after an enemy first strike, of responding with a very high degree of credibility and of inflicting damage that is considered to be greater than the demographic and economic potential that we represent.

However, there is a level of aggression below which a recourse to strategic nuclear weaponry would not be acceptable for the defense of circumstantial interests.

Our country should therefore have tactical nuclear weaponry, so as to be able to test the true intentions of an adversary equipped with it himself and also possessing great numerical superiority in the conventional areas. In the absence of such weaponry on our side, the adversary would, in effect, have the possibility of closely controlling the level of violence of the battle, so as to reduce our conventional-forces potential at his convenience and push us either to premature use or to non-use of our strategic armament.

The threat of this tactical nuclear weaponry therefore indicates to the aggressor that if he keeps up his pressure, the conflict can only change dimension, and the firing of it indicates the imminence of strategic reprisals in case of persistence of the attack. It thus reestablishes deterrence at the strategic level.

Finally, our country should possess conventional forces capable of opposing the moves of an aggressor, always seeking the point of least resistance that is free of major risk. It is necessary, in effect, to watch out for any attempt to skirt around our deterrence by a series of purely conventional actions, of limited scope. Each of them, taken in isolation, could stay below the level justifying a threat of use of strategic nuclear forces, but as a whole, they would present the risk of having intolerable cumulative effects.

These conventional forces would go into battle to show the adversary that maintenance of his ambitions would lead to confrontations of such a level that the risk of using massive-reprisal weapons on his territory would appear justified.

The policy of protection of the population holds a particular place in our defense apparatus as a whole. Bonds both close and ambiguous link it with, on the one hand, the spirit of defense, and on the other, our strategy of deterrence.

Defense has no other purpose than the life of the population with respect for the values of our civilization. But today as in the past, there is no better protection than determination to fight, and the threat of use of arms remains the best rampart against aggression.

France notes, though, that various powers are creating, adding to or improving systems, very extensive ones in some cases, for protection of populations. These powers are providing themselves with a capacity to shelter their urban populations on the spot or to disperse them, in case of conflict. These measures, some of which are also of obvious peacetime utility, may express, on the part of these countries, an intention to improve their ability to withstand a nuclear strike. From this point of view, France cannot remain indifferent to this kind of concern.

The government is not, for all that, being led to set objectives analogous to those of the countries that have not provided themselves with nuclear deterrence. That would be uselessly expensive. Neither does it intend to get into massive and constraining systems for regulation and organizing of persons, such as are in force in certain countries. This would not be compatible either with our strategy or with the democratic principles that govern our society.

Our policy of protection of the population forms a part of deterrence. France, independent in the commitment of its forces, does not intend to risk suffering the consequences of conflicts to which it would be foreign. It also wants to convince its possible adversaries of its determination by providing its population with balanced possibilities of protection, in line with the magnitude of the stakes. Our policy of protection of the population not only does not contradict our concept of deterrence but on the contrary, reinforces its credibility.

That is why our efforts are aimed first of all at augmenting, in a regular and significant manner, the means devoted to the protection missions, particularly when they help to improve civilian peacetime security. They are also aimed at strengthening the capacities at the government's disposal for evaluating the amplitude of threats and diffusing the appropriate information or instructions.

Our policy consists also in calling on all the resources of science and technology so as to continue to make progress in all of the factors involved in protection of the populations.

Finally, our policy is to limit any eventual damage by all technical means, of a preventive or emergency nature, as well as by appropriate preparation and information action that would make it possible to implement protection measures without panic in the hypothetical case of nuclear attack. In this regard, the government considers it indispensable to inform our fellow citizens in this way--an information task that is tricky, to be sure, but the content and modalities of which must be perfected [as published]. This development work is under way. I am overseeing it personally. It will result in concrete measures, since the citizens' adherence seems so essential in this area.

Within the framework of these general objectives, the government is continuing, in the immediate future, with modernization and extension of the alert and radioactivity-monitoring networks. It is also going ahead with the censusing and evaluation of the capacities available for use as shelters, possibly after some minimal improvements.

Improvement of our capacities in the areas of rescue, medical care and housing continues to be sought after with the collaboration of the local collectivities and the private sector.

The organization plans, the command structures and the communications networks can be further improved, in conditions on which the commissioner for study and prevention of major natural risks--Mr Haroun Tazieff--is doing some thinking, the usefulness of which is permanent and not specific to a period of conflict. This is a point on which I lay very special emphasis.

Such are the broad outlines of a policy for the fulfillment of which the minister of state for interior and decentralization is preparing some concrete measures that will be started on in the coming months. They comprise both administrative provisions for organization and for preparation for general crisis circumstances and legal measures of a general nature. These provisions will in many cases converge with certain of the concerns expressed in the course of the last session of the IHEDN.

I would like to conclude by inviting you to consider one last thought. The ordinance of 7 January 1959 specifies that "the purpose of defense is to ensure at all times, in all circumstances and against all forms of aggression, the security and integrity of the territory as well as the life of the population." These terms have a particular significance today. The fact is that the dangers that currently threaten us are not only those that would result from a sudden invasion.

The terrorism that has occurred on French territory in recent months has proved to have such direct relationships with our external policy or with international conflicts that it cannot be excluded from the field of our defense policy. It is in the logic of all terrorisms to push their theaters of operations into the world of civilian populations foreign to the conflicts. That is what makes

them odious. At the same time, it is what makes them so difficult for the democracies to combat.

Terrorism is a crime that makes use of the means of warfare and sometimes the support of states. It does not challenge our power directly but rather attacks the equilibrium of our societies. In the defense sense, it constitutes an aggression against which all the resources of a state must be deployed: those of the police, those of civil security, those of the armed forces--the Gendarmerie in particular--those of the judicial system, and also those of all the other public services, as the case may require.

The challenge of terrorism is in fact a comprehensive one. It calls for a defense that is also comprehensive. The president of the republic has stated his determination to be intransigent and implacable in application of the law and to cut out terrorism at its roots.

But we have to hunt down terrorism in conditions that are evolving. It has taken different forms in the last 20 years. Those predominant in the 1960's have nearly disappeared. We must plan ahead to adapt our organization, our means, our plans of action to ever-new hypotheses. This continuous preparation, which draws the lessons from current events and should never let itself be led astray by them, is now an integral part of the mission of defense.

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CSO: 3519/126

BRIEFS

THOMSON-CSF TO PRODUCE AIR COMBAT SIMULATORS--The French Ministry of the Defense has just selected the Simulator Division of Thomson-CSF as the project manager of the first air combat simulator for the training of pilots which will be placed at the Air Experimental Center at Mont-de-Marsan. This simulator, whose development began several months ago, will be put into service at the end of 1984. It will allow pilots to be trained in one-on-one air combat and, in a later phase, one-on-two. Each pilot will be installed in a cabin reproducing the cockpit of a real airplane, Mirage F1 or Mirage 2000, with a simulation of the characteristics and the arms system of the plane. In addition, these cabins will have a gravity seat, whose deformations, in conjunction with the use of an anti-g suit, will give the pilot the physical sensations normally felt in flight. Each of the cabins will be installed within an 8-meter diameter sphere on the internal face of which three optical systems will project simultaneously a representation of the sky, the earth and of the horizon, the synthetic image of one or two air targets and the trajectory of the missiles shot. The high-definition images of the targets will be generated by a specialized calculator which accounts for the position of the enemy planes and their distance away between 100 m and 6,000 m. The instructor-director of the flights will have the trajectories and a repetition of the views of each of the planes engaged in the combat. [Text] [Paris ELECTRONIQUE ACTUALITES in French 15 Oct p 9] 9969

CSO: 3519/74

GENERAL SAYS HAWK ILL-SUITED FOR LONG RANGE AIR DEFENSE ROLE

Oslo AFTENPOSTEN in Norwegian 29 Nov 82 p 12

[Article by Knut Falchenberg]

[Text] "I would regard it as highly regrettable if Norway now chooses a missile system for the defense of air bases on the basis of purely short-term considerations. Acquisition of the I-Hawk in light of the current personnel situation and operating problems could be the straw that breaks the back of the Norwegian Air Force. With the I-Hawk, it is unlikely that we could complete our air base defenses before the end of the 1980's and even then we would simply have a mobilization defense of dubious value," said Major General Svein Heglund in response to a question from AFTENPOSTEN.

The selection of air defense missiles has been postponed again, after the Defense Ministry outlined a new routine for a new review of all the alternatives. This time the work will be done under the control of a group of leaders from the departments, the Defense Research Institute and the military groups concerned. A report is to be presented before next March, when there will have been a new evaluation of the Roland, the Rapier, the improved Hawk and whether the Hawk can be combined with more modern radar equipment of Swedish or other manufacture. Assistant secretary Erik Senstad of the Defense Ministry told AFTENPOSTEN that the proposal from Kongsberg Vapenfabrikk concerning a "Norwegian solution" would not be evaluated on a par with the others at this time.

Major General Svein Heglund--the Norwegian pilot who shot down the most enemy planes during the war--has since become a veteran when it comes to acquisition matters in the Norwegian Air Force. He has even managed to become a pensioner; last summer he retired as chief of the Air Force Supply Command at Kjeller, where he led the negotiations with potential missile suppliers right up until the time he retired. That happened at about the same time as the defense chief then in office recommended the Hawk for Norway.

Heglund has followed air defense issues closely for almost 20 years, first as head of the supply staff in the Air Force Supreme Command in the 1970's, then as chief of the Air Force Staff and most recently as supply chief in

Kjeller, where among other things he brought the F-16 project back down on solid ground. Now Heglund is concerned about having these fighter planes, which cost a lot of money, based at air fields that are properly defended.

He said that with the assault forces Norway must expect to be hit with, it would be only a matter of time before things go the way they did in 1940, unless we are capable of repelling an invasion from the very start, while the enemy is still concentrated and therefore vulnerable, onboard ships, in landing areas and in troop concentration areas. Only a credible defense against invasion and our NATO affiliation can have a deterrent effect on a potential assailant, thus meeting the primary objective of the armed forces--to prevent war.

Hawk Less Suitable

"Norway has invested large amounts of money in the F-16 fighter planes and in the development of a naval missile that can repel the enemy before he gets a foothold on shore." According to Heglund, it has been estimated that it would take around 120 fighters just to defend our far northern regions. Therefore, some 70 Norwegian F-16 planes with a service capability of 70 percent do not go very far. And if the air bases are put out of commission, Norwegian and allied planes would obviously be of much less value, if they could get in the air at all.

"It is generally accepted that a low attack poses the greatest threat and that our economy is inadequate for more than the establishment of a sporadic missile defense of important targets, including air bases. Other military and civilian areas will have to rely on the ability of our own and allied planes to repel hostile plane assaults, with the exception of Ostlandet which will also be protected by NIKE. Sporadic defense of an air base, for example, requires missile systems with short reaction times and a capability of being fired at many incoming targets simultaneously. Because of our terrain conditions, which usually restrict the horizon, heavy and more long-range weapons systems would be vulnerable and less suitable, while at the same time being expensive and requiring personnel-intensive solutions. The I-Hawk is such a heavy system," said Heglund.

He pointed out that a leasing agreement, considered over the lifetime of the materiel, would probably have few or no advantages compared to outright purchase. And even though in the short run the I-Hawk would have a price advantage, the advantage is not so great that it would not be erased in the course of a few years of operation, an area in which the Hawk tends to be the most expensive--even if one relies on a mobilization solution of dubious value. "In our hilly terrain the I-Hawk will have few opportunities to select new positions continuously, the system would be quite stationary and therefore vulnerable," said Heglund.

He thought the French and German authorities had extended themselves a great deal in their price offers for the Roland II. Both the Roland and the competing British Rapier are tested systems, where one knows what one is

getting. For one thing, the Swiss Army, which is usually quite thorough in its analyses, has selected the Rapier and American air bases in Great Britain are defended by the same weapons system. In addition, selecting the Roland or the Rapier would have little effect on the Norwegian defense industry.

Indecisiveness

Major General Heglund said that the missile project has illustrated the fact that the defense branch is a big organization with conflicting interests. In connection with projects of this size, many aspects in addition to the purely military ones must be evaluated by the political authorities. That is why the supply commands are now placed directly under the Defense Ministry organizationally, so they can act as expert advisers. Unfortunately the ministry seems to have evaded much of this responsibility on this issue, which in turn has led to indecisiveness, according to Svein Heglund. "But it is a positive thing that the ministry has now introduced a new routine with a steering group of chiefs and hopefully they will insure better and more solid guidance in dealing with such matters."

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CSO: 3639/35

BIOGRAPHIC DATA ON PASOK'S EXECUTIVE SECRETARIAT MEMBERS

Athens ELEVTherotypia in Greek 30 Nov 82 p 9

/Text/ Making up PASOK's nine-man executive secretariat are four lawyers, two civil engineers, two economists and one mechanical engineer listed below in alphabetical order: Menelaos Gkivalos, Giannis Koronaios, Mika Koutsileou-Koulaxi, Dimitris Pagopoulos, Vaso Papandreou, Khristos Papoutsis, Giannis Souladakis, Dimitris Sotirlis and Stefanos Tzoumakas. All nine are founding members of PASOK who had been moulded in the kiln of the mass movement and who had been in the vanguard of struggles against the junta and of demonstrations against anti-popular laws, for the rights of the working people, students and the underprivileged, and more generally for democracy, national independence and socialism. Included among the nine are two women. Get to know them better in the following short biographic sketches:

Menelaos Gkivalos, 38 years of age, civil engineer:

An adviser to the minister of public works, he has been detached from his position in the Agricultural Bank where he served in the directorate of technical projects.

He has been a member of the administrative board of the Civil Engineers Association since 1978 and its vice president since 1980. He has also been vice president of the TEE /Technical Chamber of Greece/ since 1982.

He joined PASOK in 1974 and was a member of the Exarkheia TO /Local Organization/ and the civil engineers KO /Party Organization/. He was also a member of PASOK's KEMEDIA /Learning Studies Center/ until December 1981 at which time he became a member of executive secretariat.

He is married but has no children.

Giannis Koronaios, 66 years of age, lawyer:

He was born in Kythira and studied at the ASOEE /Supreme School of Economic and Commercial Studies/, the Athens school of law and did postgraduate work at John Hopkins University in the United States.

In 1940, he served on the frontlines of the Albanian front. In 1943, he made his escape to Egypt where he joined the Greek Army of the Middle East.

In 1968, he became a member of the PAK [Panhellenic Liberation Movement]. He was arrested by the junta in 1970 and was tortured by the ESA [Greek Military Police]. He was jailed for 3 years.

He is a founding member of PASOK and member of the first central committee.

In 1981, he was elected PASOK deputy for the first time.

He is married and the father of two children.

Mika Koutsileou-Koulaxi, 42 years of age, lawyer:

She was born in Athens. She studied law at the University of Salonica and did postgraduate work in social work.

She joined PASOK in 1974. She was a founding member of the OP [Initiative Group] of PASOK lawyers and the OP of the Neapolis PASOK. She subsequently was secretary of the lawyers KO [Party Organization], member of the lawyers coordinating committee, member of the Legal Protection Committee and of the Committee on Women's Affairs. She has been a member of the PASOK executive secretariat since December 1981.

She practices law in Athens and is a unsalaried supervisor of minors living in Athens. She is married and the mother of two children.

Dimitris Pagoropoulos, 52 years of age, lawyer:

He joined PASOK from the time of its establishment in 1974. He is one of the founding members of PASOK's lawyers branch and the PASOK TO [Local Organization] of Kypseli. He is also a founder of the Legal Protection Office of PASOK and its first secretary. He has been a member of PASOK's disciplinary council since March 1976. In the meantime, he was elected to the Panhellenic Conference in 1977 where he served on the board. He is also a legal adviser to GENOP [expansion unknown]-DEI [Public Power Corporation], to "Exormisis" [Campaign], and PASKE [Panhellenic Militant Workers Trade Union Movement], and he has offered his legal services --always free of charge-- to many trade union organizations. He is also a member of the Workers and Employees Trade Union Committee. He is married and the father of two children.

Vaso Papandreou, economist:

She was born in Valimitika, Aigion. She completed her studies in the economic section of ASOEE [Supreme School of Economic and Commercial Studies] and did postgraduate work at the University of London and received a doctorate from the University of Seadixi [transliteration from the original; as published]. She was engaged in trade union activities at the ASOEE from 1965 to 1967 and was a member of the PAK [Panhellenic Liberation Movement] of Great Britain during the period of the dictatorship. She is founding member of PASOK and a member of all its central committees from its inception to the present time. From

1974 to 1978, she was secretary of the KEMIDIA committee of PASOK and from 1978 to 1980 she was a member of the coordinating secretariat.

She has been a member of the Enlightenment Committee since 1982.

She has taught at the University of Eoebes /transliteration from the original; as published/ and the University of Seadixi in England and was a research assistant at the University of Oxford in England. She has also been a lecturer at the ASOEE since 1981. She is also president of EOMMEX /National Organization of Small and Medium-sized Enterprises and Handicrafts/.

She is the author of the book titled "Polyethnikes Epikheirisis kai Anaptysomenes Khores, I Periptosi tis Ellados" /Multinational Companies and the Developed Countries, the Case of Greece/ as well as various published economic and political articles.

Khristos Papoutsis, 29 years of age, economist:

The "junior" of the PASOK executive secretariat, he has been at the same time the special adviser to the minister to the prime minister since November 1981.

He was an active member of the student movement from the time of the dictatorship and participated in all the anti-dictatorship student demonstrations (school of law, polytechnic institute).

In 1974, he joined PASOK. In the beginning, he was active in the insurance agents branch and in the PASOK TO /Local Organization/ of Koliatsos, as well as in the law students group where he later on became its secretary.

At the same time, he participated in the student office of PASOK's youth committee. In 1976, he became a member of the PASOK youth committee and was its deputy secretary from November 1977 to November 1981.

Previously in the PASOK Panhellenic Conference that took place in the spring of 1977, he had been elected member of the central committee of the movement.

In 1977, he became a member of the central council of the EFEE /National Student Union of Greece/ and was its president from 1978 to 1980 during which he was in the vanguard of the student demonstrations against Law 815 whose goal was the democratization of the university schools and the raising of standards. He also took part in and represented PASOK youth in international congresses and festivals and was a member of the working committee of the government's education program. He is a bachelor.

Giannis Souladakakis, 41 years of age, civil engineer:

He was born in Vrakhasi, Lasithion in Crete. He studied civil engineering. He was vice president of the Civil Engineers Association of Greece and a member of the representation of the Technical Chamber of Greece. He was a founding

member of PASOK. He has been a member of the civil engineers KO /Party Organization/ since 1975, the scientists committee since 1975, the organizational committee since 1976, as well as the workers and employees trade union committee. He was deputy secretary of the latter committee from 1976 to 1981. He has been on the executive secretariat since December 1981.

He is also director general of EVDAP /Capital Area Water Supply and Drainage Company/.

He is married and the father of two children.

Dimitrios Sotirlis, 40 years of age, mechanical and electrical engineer:

He was born in Karoplesi, Karditsa. He studied mechanical and electrical engineering in Hanover. During the dictatorship period, he was a member of the PAK national council. He was a founding member of PASOK.

He has also been a member of the movement's organizational committee and secretary of the Greek Immigrants Committee, as well as president of the Panhellenic Association of Graduate Mechanical and Electrical Engineers.

He is a member of the administrative board of the Technical Chamber of Greece. He has been on the executive secretariat since December 1981.

He recently became president and administrative adviser to the socialized PYR-KAL /expansion unknown/.

He is married and the father of two children.

Stefanos Tzoumakas, 36 years of age, lawyer:

He was born in the town of Katarrakti, Arta. He was the first president of the EFEE following the fall of the junta. During the time of the junta, he was a member of the committee for the taking over of the law school and the polytechnic school. He was arrested for acting contrary to Emergency Law 509.

He joined PASOK at the very beginning. He was secretary of the PASOK youth organization and secretary of the enlightenment committee. In 1977, he was elected PASOK deputy, while in October 1981 he was elected deputy from the second district of Athens.

He is a member of the central committee. He is a bachelor.

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